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The Collaboration Challenge: Making the Most of Strategic Alliances between Nonprofits and Corporations

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FOCUS AND PURPOSE

We are entering the “Age of Alliances” in which cross-sectoral collaboration between nonprofit organizations and corporations will grow in frequency and complexity. Other types of alliances between nonprofits and governmental entities and among nonprofits, and across the three sectors will also increase, however, this paper focuses only on the relationships between nonprofits and companies.

There are political, economic, and social pressures propelling the move toward collaboration. Governments are downsizing and public functions are being devolved to the private sector, both the corporate and the civic sides. The exigencies of balanced budgets have led to cuts in public funding of many segments of the nonprofit sector, whose numbers have been increasing but they are chasing fewer economic resources. The complexity of social problems is growing beyond the institutional capabilities of nonprofit organizations. And lastly, corporations have been rethinking their traditional approaches to philanthropy and seeking forms of engagement that are of higher impact and of greater business relevance.

The purpose of this paper is to provide a framework and substantiating examples that will deepen our understanding of how these collaborative relationships develop and evolve, what factors contribute to their sustenance, and what challenges they face. It is hoped that the paper will provide guidance to nonprofit and corporate leaders contemplating or involved in such alliances.

CROSS-SECTORAL COLLABORATION FRAMEWORK

To facilitate the analysis of cross-sectoral collaboration, we have derived from our research a framework consisting of five components. Cross-sectoral alliances often evolve along a continuum, from “philanthropic” to “transactional” to “integrative.” The “Collaboration Engagement Continuum” helps us map the type of relationship and its evolution over time. As we explore the evolution of several cross-sectoral alliances, we

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will identify the factors that impact the movement along the continuum: “Alliance Drivers,” which are the key forces powering the relationship; “Alliance Enablers,” which are secondary factors that facilitate the collaboration; and “Alliance Challenges,” which consist of barriers impeding collaboration. The viability of the alliance depends on the nature of the value exchange between the partners. We will use the “Collaboration Value Construct” to assess the net benefits accruing to the collaborators.

**Collaboration Engagement Continuum**

The degree and form of collaboration between the nonprofit and the corporation can be envisioned as a continuum moving from low to high engagement. Relationships come in many forms and evolve over time. The nature of the relationship can be seen as passing through stages from “philanthropic” to “transactional” to “integrative.” In the philanthropic stage the nature of the relationship is largely that of charitable donor and recipient. In the transactional stage there are resource exchanges focused on specific activities; cause-related marketing arrangements would fall into this category. In the integrative stage the partners’ missions, people, and activities begin to merge into more collective action and organizational integration. Many corporations engage in philanthropy, providing grants or in-kind donations of good and services to nonprofit organizations; traditionally, few have moved beyond this stage. More recently, however, as the case examples will demonstrate, organizations are beginning to move to a higher level of collaboration. As the alliance moves along the continuum, the magnitude of resources, mission importance, activities scope, interaction level, managerial complexity, and social value grow. Figure 1 depicts the Collaboration Engagement Continuum.

**Figure 1. COLLABORATION ENGAGEMENT CONTINUUM**

<table>
<thead>
<tr>
<th>LEVEL OF ENGAGEMENT</th>
<th>LOW &gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt; HIGH</th>
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<tbody>
<tr>
<td>Nature of Relationship</td>
<td>Philanthropic &gt;&gt;&gt; Transactional &gt;&gt;&gt; Integrative</td>
</tr>
<tr>
<td>Magnitude of Resources</td>
<td>Small &gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt; Big</td>
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<tr>
<td>Scope of Activities</td>
<td>Narrow &gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt; Broad</td>
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<td>Importance to Mission</td>
<td>Peripheral &gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt; Central</td>
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<tr>
<td>Interaction Level</td>
<td>Infrequent &gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt; Intensive</td>
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<tr>
<td>Managerial Complexity</td>
<td>Simple &gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt;&gt; Complex</td>
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<tr>
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This conceptualization allows collaborators to locate their relationship on the continuum as a basis for discussing how the relationship is evolving and where do they want it to go. Progression along the continuum is not automatic, and regression can occur. Our research suggests that there are significant collaboration gains to be had by moving to a high level of engagement. Nonetheless, some partners may decide that lower levels of engagement may better suit their situations. Whichever the case, it is important that the relative merits for the decision be consciously thought out, and knowing where you are will help one to decide where you want to be.
Alliance Drivers

This third component of the Cross-Sectoral Collaboration Framework focuses on the forces propelling the evolutionary dynamics of the relationship. From our research we have identified four “Alliance Drivers” that appear to contribute significantly to the strength of the collaborative relationship.

- **Strategy, Mission, and Values Alignment.** The more centrally aligned the alliance purpose is to each organization’s strategy and mission, the more important and vigorous the relationship is likely to be. Similarly, the more congruent the partners’ values, the greater the alliance’s cohesion. The larger the “mission mesh,” the stronger the collaboration.

- **Personal Connection and Relationships.** Institutional partnerships are created, nurtured, and extended by people. Social purpose partnerships appear to be motivationally fueled by the emotional connection that individuals make with the social mission and with their counterparts in the other organization. The mission connect is the driver and the personal relationships are the glue that bind the organizations together.

- **Value Creation.** The fundamental viability of an alliance depends on its ability to generate value for each of its partners. Imbalance in the value exchange may hinder the development of the relationship. The resources exchanged may depreciate in value over time. Alliance vigor requires innovation in creating new value sources.

- **Shared Visioning.** The foregoing “Alliance Drivers” can sustain the collaboration, but partners’ collective capacity to envision ever-more enriching and powerful engagement opportunities accelerate and extend the development of the alliance.

- **Continual Learning.** The partners are engaged in continual learning about the partnering process and how it can generate more value. There is openness and hunger to discover new ways to engage more effectively.

Alliance Enablers

The Alliance Drivers are the primary forces propelling the relationship, but supporting these appear to be a constellation of enabling factors that contribute to the effectiveness of the collaboration process.

- **Focused Attention.** An intense, deep relationship requires considerable attention. The alliance is seen as a priority relationship, has high internal visibility, and receives concentrated engagement by key decision makers. The partnership occupies a significant share of mind of the organizations’ leadership.

- **Communications.** In order to realize the full benefits of an alliance, the partners need to have means of communicating effectively, efficiently, and frequently. Multiple communications channels, formal and informal, are used.

- **Organizational System.** Responsibility for the management of the relationship needs to be clearly delineated in both partners’ organizations. Incentives for collaboration need to be built into the managers’ performance evaluation process.
• **Mutual Expectations.** It is important that there is clarity of expectations about the “deliverables” from each partner. This fosters mutual accountability and motivates execution responsibility. Mutually high expectations promote growing performance standards and value creation.

**Alliance Challenges**

Partnering effectively is a demanding task. Four dimensions of the alliance-building process appear to pose significant challenges.

• **Creating Mission & Vision Fit.** This is the cornerstone in building the foundation for an alliance. Achieving the alignment driver is complicated. Areas of current and potential mission overlap are not always obvious. Even the concept of a strategic alliance will seem strange or worrisome to many members of the company or the nonprofit. Mindsets are not easily changed.

• **Building the Value Construct.** The first challenge here is to ensure that there are two-way benefit flows and that they are reasonably balanced between the two partners. A second challenge is to preserve collaboration value in the face of declining benefits. New sources of value need to be found or created.

• **Managing the Relationship.** Establishing effective communications across organizations is essential to building the trust that enables further growth of the alliance. Dealing with concerns over control of brands and publicity and project design can be a delicate arena. New capabilities in cross-sectoral relationship management may be required.

• **Institutionalizing the Alliance.** Moving the partnership from a relationship between a small group of leaders to a broad network of connections across the organizations is essential to longevity. Even subsequent to achieving such integration, one must be alert to the risk of complacency in mature alliances. This can lead to stagnation and value erosion.

**Collaboration Value Construct**

Every relationship involves an exchange of value among the participants. The magnitude, form, source, and distribution of that value is at the heart of relational dynamics. Assessing the potential and actual value of collaboration configurations is central to the creation and continued development of an alliance. The value is richer and more enduring when there is a balanced two-way benefit stream. The magnitude of the value is related to the nature of the resources transferred:

• **“Generic Resource Transfer”** involves each organization providing to the other benefits stemming from resources that are common to many similar organizations. For example, the company gives money to the nonprofit and the nonprofit supplies good deeds and good feelings. Both organizations could provide credibility and image enhancement to the other in their respective sectors.

• **“Core Competencies Transfer”** utilizes each institution’s distinctive capabilities to generate the benefits to the partner. These flows have greater potential value creation
because each organization is leveraging special competencies. The alliance value is enhanced because each partner is providing somewhat nonduplicable benefits.

- **“Joint Resource Creation”** represent benefits that are not bilateral resource transfers but rather joint products derived from the combination of the organizations’ competencies and resources. This is a particularly high-value source because it is uniquely due to the alliance’s existence.

The value construct is developed not only by assessing the benefits accruing to each partner, but also the opportunity costs of the resources deployed and the risks assumed by entering into the alliance. These costs and benefits change over time and so periodic reassessment of the value construct is called for. The assets and benefits may depreciate over time; consequently the continued viability of the alliance requires value renewal. The underlying value that holds the alliance together and that provides the societal justification for such cross-sectoral collaboration is the enhanced social benefits that are produced through this partnering. Thus, in examining the Collaboration Value Construct, partners need to continually assess how much social value-added their efforts are generating.

**Cross-Sectoral Differences**

It is worth noting that many of the key success factors and challenges of cross-sectoral collaborations cited above are also applicable to intra-sectoral alliances, i.e., corporation-to-corporation or nonprofit-to-nonprofit. Nonetheless, all of our respondents indicated that cross-sectoral partnering was quite distinctive. In the study of cross-sectoral alliances, we found that many of the drivers and challenges to successful collaboration appear to mirror those of business alliances. However, there are important differences. Whereas business-to-business or nonprofit-to-nonprofit alliances are typically more transactional and circumscribed in nature than the nonprofit-corporation partnerships that may pass through philanthropic and resource exchange stages to a more multi-faceted stage of organizational integration. Furthermore, the nature of the value exchange appears quite distinct, as do several of the alliance drivers.

**PARTNERING PROFILES**

Using the Cross-Sectoral Collaboration Framework, we shall now analyze five nonprofit-corporate strategic alliances. All of these case studies provide empirical evidence that substantiates and elaborates the Framework. Each, however, has aspects that particularly illuminate distinctive dimensions of cross-sectoral collaboration. City Year & Timberland exemplifies a long-term relationship that has progressed perhaps further along the Collaboration Engagement Continuum than most alliances. CARE & Starbucks, another long-standing partnership, is particularly illuminating of the initial
partnership formation process. Bidwell & Bayer illustrate a highly entrepreneurial approach to collaboration. The Nature Conservancy & Georgia-Pacific reveal how adversaries can be converted to collaborators. Jumpstart & American Eagle Outfitters show a very young alliance but one that accelerated very rapidly along the engagement continuum. A sixth case study on Community Wealth Ventures, Inc. allows us to examine a new partnership enabler focused on the emerging alliance market place.

**CITY YEAR & TIMBERLAND COMPANY**

**OVERVIEW OF RELATIONSHIP**

This is a particularly rich alliance to study because of the longevity and depth of relationship. This relationship began in 1989 with the request to Timberland from City Year for 50 pairs of boots for its urban youth service corps founded the previous year. This relationship expanded over the ensuing decade to include Timberland’s becoming the supplier of City Year’s official uniform and its major corporate backer, providing about $1-million annually in cash and in-kind and assisting City Year to expand nationally. City Year, in turn, had played a central role in the development and implementation of Timberland’s strategy for community service. City Year has assisted Timberland employees carry out community service projects, which in 1998 surpassed 20,000 employee hours. Both organizations consider the relationship with the other to be of strategic importance to them.

**EVOLUTIONARY DYNAMICS**

This relationship is particularly illuminating regarding how collaboration between a nonprofit and a corporation can evolve and grow into an ever-more complex and mutually beneficial partnership. Jeff Swartz, Timberland’s C.O.O., perceives that his company and City Year has passed through the three stages on the Collaboration Engagement Continuum, i.e., Philanthropic, Transactional, and Integrative.

**Stage I: Philanthropic**

The initial contact between CY and Timberland was in the form of a cold call in 1989 by a CY fundraiser who was particularly skilled at obtaining in-kind donations. She requested 50 pairs of boots from Timberland as part of the CY uniform for its youth corps, which having completed a pilot summer project was now expanding to a year-long community service engagement for these youth. The request was approved by the administrative assistant to the Vice President of Manufacturing. The next year they requested and received 70 pairs. Michael Brown, the co-founder of City Year, recounted, “This was now a two year old relationship with two conversations, two faxes, and a feeling a little bit like, ‘Okay, they just did that, send them a thank you but don’t bother them.’” Timberland’s Swartz describes this interaction as traditional charitable giving,
reactive to a supplicant’s request. “Our expectation was a thank you note and a small sense of self and nothing more.”

The relationship in this philanthropic stage is very circumscribed in terms of resources deployed and points of interaction. It was incidental to Timberland’s mission, somewhat more important to City Year, but also not critical. Few individuals and none of the top leadership were involved. The “Collaboration Value Construct” was simple: City Year got an in-kind donation. This had some enhanced value in that the boots were deemed as the best around and so it set a quality standard for the organization’s uniform, which would be important to the creation of its identity. Timberland received “good feelings,” or in Swartz’s words, “They do good deeds, we would like to feel better about our corporate mission personally and collectively, and we are lucky that things are going our way this particular moment, so we can afford to send some boots and feel good about ourselves. It wasn’t a request for a check. It was a request for Timberland boots, and so it spoke to what we do and who we are. It felt nice to be valued for who you are.”

In this stage, the mindsets constrain the relationship. The nonprofit operated from a fundraising mentality and suffered from the “Gratefulness Syndrome:” their task was to extract resources and, if successful, graciously issue thanks but do not “bother” the donor thereafter. Minimizing interaction and communication was the mode of operation. From the corporate side, Timberland was constrained by the “Charity Syndrome:” give to good causes that solicit assistance but deal with these as a peripheral part of your activities. The value flow was largely seen as one-way, with the corporation giving and the nonprofit receiving, although the company did perceive psychological benefits. Expectations and investment were relatively low and narrowly defined on both sides. Such low level engagements between nonprofits and companies are commonplace and often long-standing. However, many, including City Year’s and Timberland’s evolve to the next relationship stage.

The door into the next stage was first opened by City Year’s co-founder, Alan Khazei, deciding to visit Timberland to get to know them better. CY was having a staff outing in New Hampshire and so Khazei and the CY Development Officer combined this with a meeting with Swartz and his Vice President of Marketing, Ken Freitas at Timberland’s New Hampshire headquarters. This meeting was pivotal in that it increased each side’s understanding of the other’s vision and opened up new collaboration possibilities. Swartz recounted, “When Alan came by Timberland to say thanks for the boots, I said to him, ‘You are out there actually saving lives. I am making boots, but I have always wanted to save lives.’ And he said, ‘Let me show you how they can be related.’ His message was, ‘Through City Year it’s going to be okay to do what you dream and dare. We will provide you with a vehicle for your beliefs.’” Ken Freitas added, “The meeting was important because for the first time we realized that there was more here than a typical charitable donation. There was a real connection. The similarities between what each organization wanted to do and how it wanted to achieve its vision were striking.”
Stage II: Transactional

The transactional stage is characterized as a mutually beneficial relationship in which there are two-way benefit flows that are consciously identified and sought. Swartz characterized it this way, “We talk to each other about how to advance each other’s agendas. We acknowledge that they are separate; Timberland’s job is to make boots and earn profit and City Year’s mission is to put young people into service and transform American society. The relationship is separate and yet there are strategic ways that we can align the outcomes.” Swartz refers to this stage as “commercial,” because it is dominated by a search for specific value transactions between the two parties, analogous to a buyer-seller relationship.

The cornerstone for building a richer Collaboration Value Construct was the identification of an overlapping of missions and a compatibility of values. Swartz had been developing a new corporate strategy in which he added the element “Beliefs” to the prevailing theme of “Boots and Brand.” This dimension held that the company and its employees should make a positive difference in the society at large, and that the corporate culture should foster involvement in confronting and solving problems within and outside of the company. City Year held a similar belief in impacting society and its organizational mission encompassed the promotion of civic engagement, not just by its youth corps members but also by corporations and other elements of society.

The magnitude and scope of the engagement broadened:

- In 1991 Timberland became the financial sponsor of a whole youth corps team first for a semester and then for a whole year.
- In 1992 City Year organized a service day for Timberland employees, including Swartz, renovating a New Hampshire adolescent treatment center. This hands on experience was pivotal in cementing the relationship and crystallizing in Swartz’s mind the value of direct community service by employees as a means of fostering team-building, leadership development, interdepartmental relationships, project management, and, in general, a high-involvement culture where individual and collective efforts make a difference in outcomes within the business and outside. City Year did a presentation at the opening of a Timberland retail outlet and later to the company’s international sales meeting. In 1992 Swartz was elected to CY’s board of directors, and the company made a three-year $1-million dollar contribution. Timberland also hired graduates from CY’s youth corps. Timberland employees participated in City Year’s annual Serve-a-thon day.
- In 1993, Timberland became the official outfitter of the entire CY uniform. This was important to CY as it created visible identity, and for Timberland it served to publicize that the company had a whole line of casual and outdoor apparel and that it was deeply committed to City Year.
- In 1994 City Year expanded nationally to 650 corps members in six cities. Timberland became a founding national sponsor and made a 5-year, $5-million commitment. Swartz became Chairman of the CY board. City Year staff, using its expertise in group development, led Timberland employees in team building and diversity training. Swartz indicated the value of these services: “Many companies pay
thousands of dollars for the type of team-building skills. This is not philanthropy. I firmly believe that the minds we turn on here at Timberland explode our productivity and effectiveness.” Freitas added, “The role of employee is very similar to the role of citizen in City Year’s construct. They urge you to take an interest and be active; to see that decisions are made well and that these decisions are not just someone else’s problem. We try to build those behaviors and attitudes into Timberland.” Timberland employees were allotted 16 hours of paid time to engage in community service, if they so chose, and in aggregate 1,544 hours were given.

- In 1995 CY and Timberland launched a pilot test of a new line of apparel called City Year Gear consisting of backpacks and T-Shirts with various value statements, e.g., “Give Racism a Boot” or “Hike the Path to Justice.” These were marketed through Timberland’s retail outlets. The profits were to benefit City Year. Timberland increased its paid time for service to 32 hours and employees gave 7,536 hours during 1995. This year was particularly stressful, also, because Timberland incurred losses for the first time since the company went public and the stock price plummeted. Layoffs demoralized the organization and there was criticism from within and outside of Timberland’s sizeable grants to City Year. CY was also under stress in that the newly elected republican-controlled congress was proposing to eliminate the AmeriCorps program that provided 50% of City Year’s national funding. This situation tested the validity of the Collaboration Value Construct and the durability of the alliance. Timberland did not renege on its commitment to CY. Freitas explained, “I think that it is harder when business gets tough to justify any expense. But I think that when business is good you should be asking the same questions. Nothing changes fundamentally. Why do you have this $5 million program? It is easy to think that when business is great, community enterprise is great. But if you buy the model that we are trying to create, you have to be able to say that this thing holds up under any business condition.”

In this stage it is clear that the relationship became bigger, broader, and deeper. The forms of value exchange multiplied, the resources deployed expanded greatly, and the intensity of the interactions increased. The perceived mutual value of the alliance also grew. There was a two-way benefit flow. The difference between stage one (philanthropic) and stage two (transactional) represents a quantum leap in terms of the importance of the relationship. We will subsequently analyze the sources of this value creation in this transactional stage. However, the relationship continued to evolve.

**Stage III: Integrative**

In this stage the partners reached new levels of integration of their missions, organizations, and activities. Swartz refers to this as a “mutual mission relationship.” He describes it as boundarilessness: “It’s not them and us, it’s just we are us and they are them and we are together us, too.” The creation of the “us” means an ever-widening set of personal and organizational connections. The relationship network expands beyond the leaders and early proponents and converts. Swartz asserts that, “Our organization and their organization, while not completely co-mingled, are much more linked. It’s not
simply personal, it’s also collective. While we remain separate organizations, when we come together to do things, we become one organization.”

As an example of what such integrated action might be, Swartz points to jointly collaborating to set up City Year operations in a major city such as Detroit. Timberland product brand managers would have the successful launch of CY corps teams as one of its performance goals and the CY managers would have the enlisting of Timberland retailers as CY service partners, which will help sales. Swartz asserts, “We are working on a mission that while it supports our separate agendas, it is really a mission focused and fashioned together, and that’s a layer that I really want to continue to build.” In another example, he drew a distinction between Stage II and III behavior: Timberland’s human resource vice president spent two days at City Year helping them structure pay plans and labor policies, for which she used 20 of her paid-time service hours allotted by the company for every employee. This was seen by Swartz as stage II transactional behavior. Under the sought for stage III model, this time would just be seen as part of her job, no different than being out assisting one of the company’s manufacturing plants. Instead of being a transactional relationship like a commercial exchange, it is an equity-based relationship like a joint venture.

CY co-founder Khazei stated, “We both share this vision of a new paradigm of how business and community relate and how you can do well by doing good. We have really tried to push what Jeff calls the boundarilessness and are constantly inventing new ways of cooperation between the two organizations.” Swartz’s role as chair of the CY board is a manifestation of this stage III organizational integration. In his first tour as board chair, Swartz felt “honored that they wanted me to serve.” He explained, “The board chair in the context of term one was ‘it’s their organization, you are a steward, you run cover for them, the board is a place where things get done that they want done.’” In his second term as chair, which he considered almost equivalent to a second full-time job in practical hours spent, he further elaborated, “I have acted like I’m at the helm of City Year. I’m holding management accountable to the standards. The board is forcing real change on these guys. I get to practice all those things that my board tells me that I do wrong.” Swartz indicated that he used as his model the board chairpersons of companies acquired by a leveraged buy-out fund consisting of private investors who in turn become the board chairs. “In an LBO fund you have made your personal investment. Well, I’ve surely made mine at City Year. I’m going to treat it like that.”

In 1997 Timberland increased its paid time for community service hours allocation to 40 hours per year, the most of any corporation. Timberland employees provided 7,536 service hours in 1996, 17,455 in 1997, and 19,831 as of July 1998, which included about 12,000 hours from a company-wide service day involving Timberland employees worldwide. City Year staff worked jointly with Timberland staff to plan and implement this event.
ALLIANCE DRIVERS

There appear to be four powerful drivers that have propelled the alliance forward along the Engagement Continuum: Strategy and Values Alignment, Personal Connection and Relationships, Value Creation, and Shared Visioning.

Strategy & Values Alignment

The more central the alliance purpose is to the organizations’ strategies, the more important and vigorous the relationship is likely to be. For City Year and Timberland the strategic fit was very close.

For City Year, Khazei explained, “The collaboration is integral to our overall strategy. Our whole core theory is about citizenship, so it’s really essential to our mission that we try and involve business in what we are doing.” For Timberland, Swartz indicated, “Community service is one of our five business strategies and the transformative relationship with City Year is central to that. It’s an explicit business strategy and it’s part of everything we do; it’s part of every analyst call that we make.”

Freitas pointed to the relevance of the alliance to Timberland’s underlying philosophies: “We have to have a clear and powerful identity as a group of people, and that identity has to be a source of our success. This requires a strong commitment from employees; it needs to be much different than the typical exchange of value. One of our philosophies is that there’s room for the whole person at Timberland. In fact, we kind of demand the whole person here; we want you to be an engaged, active participant. And the City Year relationship has been a tangible example of that philosophy put into practice.” Freitas also indicated that the City Year relationship also provided “good evidence” to consumers to whom Timberland was more aggressively pitching the importance of community involvement and the company’s association with it. Similarly for City Year, Brown indicated that “Timberland became a symbol within the organization of this whole concept of civic engagement and the role the private sector can play in social change.”

This high “mission mesh” created an overlapping of purpose that motivated both parties to invest in the relationship. Over time this interaction influenced each organization’s continued development and elaboration of its philosophy in this intersecting dimension of their missions. Because it was perceived as increasingly central to their strategies, it elicited continuing top level attention. Thus, the alliance both fed and was fed by the strategic fit.

Personal Connection & Relationships

The motivational force that gave rise to this alliance appears to be an emotional connection that individuals make to the social mission and with the persons in the other organization. As Jeff Swartz put it, “It’s deeply, deeply personal stuff. The key to this is finding a relationship that can profoundly and personally work. The best relationships that Timberland has are deeply personal relationships, whether with customers or
suppliers or with City Year. There is no question about the importance of my connection to Alan and five of us with five of them.”

The more the personal relationship glue can be multiplied, the stronger the alliance cohesion, which is central to the institutionalization process. The City Year-Timberland joint activities, e.g., service projects, training sessions, mutual technical assistance, created opportunities for developing new relationships. A whole generation of staff and corps members got trained at City Year by working at some level on the Timberland relationship, and hundreds of Timberland employees have interacted with CY people. Swartz explained, “By putting ordinary people together in an ordinary context you create common experience. One of our marketing people who provided some assistance to City Year came back and said, ‘It has been clear to me how Timberland does service with City Year and saves the world. It had been less clear to me how Timberland does its job day-to-day and saves the world. I went and did my job today and I saved the world.’” Freitas observed, “We’ve informed their culture the same way they’ve informed ours. There is a different view of what business can be and what role business can play.”

Value Creation

The fundamental viability of an alliance depends on its ability to create value-added for both participants. This core relational premise anchors the Timberland-City Year alliance. As Michael Brown puts it: “Timberland is helping build City Year, but City Year is helping build Timberland.” Freitas reaffirms, “that level of expectation and engagement is a fundamental part of our relationship.”

One of the keys to each side being able to generate value for the other has been their willingness to learn about the other’s organization. Swartz’s participation as board chairman has involved deep learning about City Year. Alan Khazei attended Timberland’s international sales force conference. Swartz stated that “Before you ask for anything you should learn what you can do for the other guy. Alan internalized that and it’s had a huge benefit. Timberland people think it’s the coolest thing in the world that Alan understands the white-shoe, brown-shoe transformation.” Alan indicated that this understanding helped him reformulate a request to Timberland for uniforms for a new middle-school youth service initiative. The original request emphasized the “do-good” aspect of the donation. The revised proposal put it in brand marketing terms so that the Timberland people could see the connection from their vantage point.

The Collaboration Value Construct is richer and more enduring when there is a balanced two-way benefit stream that contributes to the strategy and mission. The degree of value is related to the nature of the resources transferred:

- “Generic Resource Transfer” involved Timberland giving money to City Year, which in turn supplied good deeds and good feelings. Both organizations provided credibility and image enhancement to the other in their respective sectors.

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• “Core Competencies Transfer” enhanced the alliance’s value because the partners provided each other somewhat nonduplicable benefits. For example, Timberland provided its boots and apparel and their brand image, its community service culture, its visioning capabilities, and its corporate relationship network (e.g., it convinced MCI to provide City Year with the same telephone rates as those applied to Timberland, and it convinced its watch supplier Timex to donate watches to City Year). In turn, City Year was supplying its proprietary competencies in leadership and diversity training, service project management, visioning, and access to the governmental accolades for being associated with its community service.

• “Joint Resource Creation” by this alliance was particularly high-value source because it is uniquely due to the partnership’s existence. The City Year-Timberland partnering model is, itself, an example of a jointly created benefit. The development of the City Year Gear apparel line is another example. Finally, each organization’s culture has been indelibly imprinted by the other. Elyse Klysa, Timberland’s Social Enterprise Department manager stated, “City Year has had a profound effect on our culture, and our community service is an important reason why Timberland has been ranked among the top ‘Best Companies to Work For.’”

The last dimension of this value creation driver is the imperative of continual innovation. The resource transfers often have diminishing returns. Freitas drew an analogy: “We’ve got some products in our line that sell every day okay, but if we just relied on those you begin to decay as opposed to growing or thriving. I’m glad we’re close with City Year because it allows us to build for the next ‘product.’” Success can breed complacency, which can erode the alliance value. Innovation is the antidote.

Both organizations thought that the potential and process for value creation was different in cross sector corporation-nonprofit alliances than in same sector collaborations. Brown indicated, “We tend to look at a for-profit as a place to connect a million dots. And we tend to work with nonprofits to connect to one or two dots. The corporations have many more access points.” Khazei added, “One of the things that inhibit partnerships between nonprofits is the fear of splitting a limited pie.” Swartz drew the following contrast: “It’s much easier to start a relationship with another business. We know why we are there. We start fast and then it slows down. With a nonprofit you start slow. There is a real suspicion on both sides of the agenda. But once we got past that original hump, the relationship has gone much deeper and further.”

Shared Visioning

The partners’ capacity to envision ever-more enriching and powerful engagement opportunities that accelerated the development of the alliance. Khazei explained, “We have been able to go the furthest and develop the deepest partnership with Timberland because we both share this vision of a new paradigm of how business and community

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relate and how you can do well by doing good.” Brown added, “It was very clear to Timberland that City Year wanted to be the kind of organization that was on the cutting edge of engaging the private sector and saw all the value of full-scale engagement. And Timberland wanted to do the same with the nonprofit sector. Neither looked at philanthropy in a traditional or narrow way.”

For both organizations the relationship is a learning laboratory. As Ken Freitas puts it, “It is not formulaic.” There is a continual willingness on both sides to explore and try out new activities and relationship dimensions. There appears to be a discovery ethic that fosters a striving for an ever-deeper and richer relationship. Inherent in the visioning is a longer-time perspective. This is powerful because it reduces the risk of short-term operating problems derailing the relationship.

ALLIANCE ENABLERS

Three factors facilitated the partnering process in this alliance: focused attention, mutual expectations, and communication processes.

Focused Attention

Timberland’s strategy has been to concentrate its community partnering on its alliance with City Year. This is consistent with Timberland’s approach to supplier relationships, which is to develop a strategic relationship with one or a few suppliers and make that work rather than having many relationships. Swartz explained, “Why should you triple source a part if you could spend the same amount of time to really get it right with one organization? We really had to develop an intimacy to get it right. I couldn’t imagine doing this kind of thing with more than one organization.” Although Timberland provides contributions to many nonprofit organizations and does repeat community service projects with others, the level of these involvements pales in comparison to that with City Year. In financial terms, for example, Timberland provides $1 million worth of cash and in-kind support to City Year annually whereas the maximum grant to others is about $10,000. In addition, the personnel interaction with other nonprofits is much lower in frequency and scale.

City Year has 654 corporate donors and 67 corporate sponsors of youth corps teams. In fact, Timberland has helped recruit other companies, recognizing more funding was necessary in order to meet City Year’s expansion needs and also to help achieve City Year’s mission of engaging more businesses in community service. Timberland provided during fiscal year 1998 in cash and kind $695,000 to City Year’s national operations (71% of corporate support) and $731,000 to the entire network (18% of corporate support). Timberland was the first corporate partner to take the relationship to the next level of full engagement. It is seen by the City Year leaders as the most important relationship, a laboratory for innovation, and its model for partnering. As a result, the relationship receives the highest allocation of leadership time.
Mutual Expectations

Freitas asserts, “The level of expectation is a fundamental part of our relationship.” Swartz added, “The organization that you chose to partner with needs to have the same commitment to powerful notions and the same ability to deliver on these as you do. If they are not at the same level, the equation falls apart and the relationship doesn’t work.”

The partners emphasized the importance of being very clear about what each other was seeking and about what the deliverables will be. The expectations created high performance standards, which promoted value creation and fostered mutual accountability, which in turn motivated execution responsibility.

Communications Process

City Year and Timberland continue to work on this and it appears that a key mechanism is a “partner account manager.” Without such individuals on both sides with designated responsibility for the relationship, communication is ad hoc, responsibility diluted, and actions uncoordinated. The communications process has to be carefully planned and directed toward both internal and external audiences. Timberland has, as Khazei noted, “even more community service iconography around its headquarters than even City Year.” Jeff Swartz includes a progress report on community service as an integral part of his quarterly reporting on business results to stockholders and company analysts. City Year leaders make presentations to Timberland employees in key company events and vice versa.

ALLIANCE CHALLENGES

Seven areas posed major challenges to Timberland and City Year as they have moved through the various engagement stages: communication, shared mission, value construct, brand protection, execution, and institutionalization.

Communication

An initial communication challenge was overcoming the earlier-mentioned “Gratefulness” and “Charity” syndromes that tend to constrict communication. Only when City Year’s top executives proactively engaged Timberland’s did the two sides begin to discover the possible benefits of greater collaboration. The gold is not discovered until the mine is dug.

The communication challenge, however, is continually present. Co-founder Brown referred to the “Gift of the Magi Problem” wherein one side is trying to do something positive for the other but without really ascertaining if the other values that similarly. For example, Timberland wanted to help CY with their annual Serve-a-thon and thought adding a concert would be the way. They put a lot of work into planning it but when they presented the plans, the CY leaders realized that it was not really feasible
given CY’s capabilities and the other demands of the Serve-a-thon. So with great dismay, they had to reject the “gift.” Brown recounted the resultant critical learning, “After that experience we made a decision that we would never try to surprise each other with things. That we would really try to involve each other early on, from the very beginning and be very honest. Are you interested in this? If so, under what time frame, under what conditions?”

Other forces complicate communications. During crises or stressful periods in the respective organizations, communications with the alliance partner get crowded out. As Khazei put it, “The urgent isn’t necessarily the important, but that’s what gets the attention. Our relationship has gotten weaker when we haven’t had those regular communications.” He added further that one of the current biggest complications is scheduling meetings between the organizations’ leadership. As both entities have grown tremendously over the past ten years, the time demands on the executives have increased and the schedules become more complicated. Swartz’s being chair of the CY board, however, does ensure periodic meetings.

**Shared Mission & Vision**

Once City Year and Timberland began communicating and interacting, they productively identified points where their missions coincided and a positive path toward future collaboration benefits. But this did not happen automatically. Timberland’s Ken Freitas remarked, “There are difficulties in bringing together two organizations that in many respects have such rich common ground because in other respects they are run and operated very differently. You have to push against the natural forces that pull you apart.” Their different worlds create centripetal pressures, so the challenge is to design countervailing centrifugal forces around shared mission and vision that draw the organizations together. Timberland pointed to one failed partnership with a major environmental organization that illustrated the difficulty of this task. Swartz explained, “That organization was not prepared to and did not want to take a mutual mission perspective. They wanted stuff from us, period. We never ever got to the place where we could talk about what was good for each organization.” Ken Freitas elaborated further, “The philosophy of the nonprofit was not related to Timberland’s philosophy of full engagement of every individual to make this happen today. Their philosophy was to work through existing defined channels and only this kind of activity is relevant. So that got to be somewhat limiting, and you can’t have the depth of commitment, so we ended it.”

**Value Construct**

The initial challenge was to create a Collaboration Value Construct that was two-way. They increasingly found ways to do this, but Timberland, particularly, faced the challenge of convincing internal skeptics and external stock analysts that its investment in City Year made business sense. Quantifying asserted benefits in the areas of employee morale, commitment, recruitment, retention, leadership development, team building, and brand enhancement remains difficult. Internal support was strained when Timberland had to downsize and the outlays to City Year were hard to take when colleagues were losing
their jobs. Thus, making the value construct work for internal and external stakeholders remains a challenge. Alliance viability depends on demonstrating value relevance for key constituencies.

The other on-going challenge is the need to preserve the value of the mutual benefit flow. Many existing benefits, particularly skill transfers, depreciate over time as the recipient organization internalizes the other’s competency. Timberland, for example, has developed through its interaction with CY staff a strong internal ability to mount and manage community service projects. The value-added in this arena coming from City Year has diminished. Similarly, some of the management skills provided to City Year by Timberland executives have been absorbed by CY staff.

Brand Protection

One of the natural and important concerns that each partner entering an alliance has is the effect of the relationship on its name. This reputational risk impeded some of the early collaboration initiatives between Timberland and City Year. Freitas indicated, “When we tried to do the advertising program initially with City Year they refused, saying, ‘No, that’s not us, it’s the wrong kind of thing.’ It takes time to get past these initial what are perceived as unnatural things.” Swartz said that City Year’s Brown objected, “You are commercializing something that is sacred.” In retrospect Brown remarked, “Looking back on it now, I think we were oversensitive to our brand.” The risk and concern diminished over time in part because the two partners developed greater trust and understanding. The fear of being exploited decreased and a reassessment of the risk exposure yielded a different conclusion.

Nonetheless, mutual risk assumption through association remains. Each partner may be held accountable for the behavior of the other. For example, when Timberland was accused of environmentally-damaging waste disposal practices in an overseas factory, City Year’s leaders were criticized for their affiliation; similarly, when a Boston Globe article highly critical of City Year was published, many questioned Timberland’s partnership. Swartz viewed this challenge this way: “You are aware that people will throw stones and even some windows may be broken, but you are deeply committed. How do you work through those risks? The way you work through risks in a marriage. Each bears the other’s sins.”

Execution Demands

As the partners move along the continuum the scale and complexity of engagement expands and this magnifies the demands on the organizations to execute the commitments effectively. Brown elaborated, “We provide an opportunity for massive

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engagement and that’s fraught with difficulty and challenge. Even if 90% of this on-going stream of engagements are great, there’s 10% that aren’t. The potential is huge but on the downside, it’s a lot of execution. And in our heavily idea-driven environment the constant iteration of new ideas burdens the on-going execution lines.” Commitment compliance capability is critical to on-going credibility, so balancing the demands with the organizations’ execution capacity is an ever-present challenge.

**Institutionalization**

The City Year–Timberland alliance was conceived and fostered by the top executives. The challenge has been to go beyond this top-to-top relationship and embed the partnership into the broader organizational structure. Both CY and Timberland leaders indicated that one difficulty was not having a single individual on the CY side who was responsible for the relationship with Timberland on a daily basis. Elyse Klysa, who manages Timberland’s Social Enterprise Department, plays this “account executive” role for the relationship, and recently City Year has designated someone as her counterpart. She indicated that the ad hoc, somewhat informal manner in which the relationship was managed impeded institutionalization. The accompanying challenge is to make the relationship part of the organizations’ cultures. City Year staff put on a Timberland-supplied uniform daily, so the company is very visibly present within City Year. The City Year staff is periodically present within Timberland assisting in training or service projects. Ken Freitas sees a risk in becoming “too complacent, getting very focused on managing through today versus building for tomorrow.”

**CONCLUSION**

City Year and Timberland have demonstrated great ability to migrate along the Alliance Engagement Continuum, and have progressed further than most corporate-nonprofit alliances. In this journey they have been pioneers in several ways. Their experience illuminates the importance of strategic fit, shared vision, personal connection, collaboration value creation, focused attention, mutual expectations, and communication. The partners did not have a clearly demarcated map to follow on how to collaborate, but they were committed to a continual process of joint learning to achieve an effective alliance. Those who follow can benefit from their map.

**CARE & STARBUCKS**

**OVERVIEW OF RELATIONSHIP**

Like the City Year-Timberland alliance, this has been a long-standing and increasingly rich partnership. The formal relationship began in 1991 when Starbucks was a young $20 million coffee retailing company and CARE was a well-known, 45 year old international relief and development institution with annual revenues around $300 million, about 10,000 employees, and operations throughout the world. By 1998,
Starbucks had boomed into a global company with 1997 sales of $997 million and was CARE’s largest corporate donor. Peter Bell, President of CARE, referred to the alliance as “having more richness to it than other relationships.” Howard Shultz, C.E.O. of Starbucks, stated, “We have to weigh what’s affordable against what we think is right. That’s why we keep giving to CARE even when profits are tight.”

**EVOLUTIONARY DYNAMICS**

This alliance is particularly illuminating of the initial steps in forming a partnering relationship. We will present that in terms of a three-step process. The resultant partnership also illustrates the process of growing engagement over time.

**The Partnering Formation Process**

The CARE-Starbucks relationship began with a cup of coffee. In 1989 Peter Blomquist, Director of CARE’s Northwest regional office in Seattle, stopped for a cup of coffee in Starbucks, then just another of many local coffee shops. In reading a company brochure about where Starbucks sourced its coffee, he was struck by the overlap between Starbucks’ supply countries and those in which CARE worked. Although one might suggest that this was the “serendipity factor” at work, the actions that followed indicate that actions rather than fate produced the results.

Blomquist recalled, “There was a picture of the coffee buyer, Dave Olsen, and I figured that would be a good place to start. I got back to the office and called him.” Beyond serendipity, we see that the nonprofit manager was alert to leads, spotted an opportunity, and acted on it. Olsen, Senior Vice President of Coffee and the number two executive at Starbucks, answered his own phone when Blomquist called. He recounted, “While Peter was very intense, he was not pushy. We took each other seriously from the very beginning. I wasn’t trying to be some greedy businessman and he wasn’t trying to be a pushy fundraiser. We began just by talking.”

The foregoing was the first essential step in the “alliance marketplace:” the two potential partners have to find each other. This is an inefficient marketplace in that information about who and where partners are is very imperfect, so the “making the connection” step is critical. Next comes the “getting acquainted” step. Moving to that stage implies a willingness to invest time, so there has to be sufficient promise or motivation. In addition to the intersection of geographical interests, two ingredients appeared important. First, CARE had institutional credibility because of its history and stature. Olsen stated, “First of all I was immediately warmed by my own personal recollections of CARE. It had a meaning to me already. It had a reputation, maybe even more like a glow, that drew me toward CARE. So Peter came into a credibility that already existed in my own mind.” Second, the personal interactions were positive. Blomquist commented, “As potential partners begin to get to know each other, the human chemistry piece is pretty important, and our style and interests worked well from the get-go.”
The “getting acquainted” step involves an education and assessment process. The parties are learning about the other organization and assessing the potential value of an alliance and the compatibility of the partner. Peter invited David to participate in a CARE-sponsored seminar series on Indonesia, one of Starbucks’s coffee sources. The seminar involved a wide range of academics, business people, and others interested in the country. Blomquist indicated, “That was a significant part of Dave’s getting a broader and fuller feel for what CARE was, who some of CARE’s connections and partners were in this community, and that advanced our discussions about a partnership.” Olsen affirmed, “That series served to validate in my mind CARE as a source of information, inspiration, and connections.” In 1991, Olsen gained further insight into CARE’s work; while in Kenya for Starbucks, he visited a CARE literacy project that reached 2 million school children. Blomquist also arranged to have CARE country directors and other personnel who came through the Seattle office meet Olsen, who was also broadening Peter’s interactions with other Starbucks managers. He also arranged for a meeting between CARE’s president at that time, Phil Johnston, and Starbucks president, Schultz. There was an incremental broadening of the acquaintance network and a deepening understanding of the partner’s mission and competencies.

The next step is “making the partnering decision.” This was a decision made at the top. C.E.O. Schultz recalled that in 1989, “Dave talked to me about CARE and we both liked its approach. We liked the idea of giving back to coffee-origin countries. But at that point we were not in a position to give. We were still losing money-more than $1 million in that year alone. But Dave and I set a goal: Once the company became profitable, we would start donating to CARE.” Central to this decision were the principals’ personal and corporate values. Olsen commented, “On a very personal level, I knew that this was something that I wanted to be associated with. Business not just for its own sake in the old, the-business-of-America-is-business sense, but business as a well-balanced instrument of positive impact in the world. I was looking for opportunities to explore and express that. I felt the same feeling from Howard Schultz, and at that time there were very few other senior people in the company, so the two of us could pretty much do anything we wanted.”

After Olsen’s trip to Kenya, Schultz indicated that, “He came back fired up and ready to formalize our involvement.” However, there were other nonprofits seeking relationships with Starbucks then, which caused reflection. Olsen said, “We better not fly off half cocked here. We better think about this diligently and make sure we’re making the right choice. I wouldn’t say that we invested a huge amount of time in that process, although we did think about it. Every time we asked a question CARE came back to the top of the list. Can they do the work? Are they involved in the right countries? Will they talk openly to us and listen intently to us? Do they have in their list of friends the kind of people we’d like to be associated with? And so on every level it looked to us like this was the right thing to do.” Starbucks appeared to apply a set of criteria encompassing: the 5 C’s of Collaboration: Congruency, Competency, Coverage, Communications, and Connections.

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From CARE’s side, the corporate partner selection process rested primarily with Peter Blomquist as the Northwest Regional Director, as Starbucks was seen as a local company. He did involve many other CARE functionaries in the process, including the then President, Phil Johnston, as the relationship neared consummation. CARE’s current approach to selecting corporate partners is illuminating. The organization’s culture, as one manager put it, “Is that everybody wants to be involved in every decision, so as soon as a fund raiser is talking to a company about a relationship, we let everybody know.” They have a screening committee composed of representatives from every employee group. During the information-gathering phase anybody can send comments or information to the committee about the candidate company, which is added to the committee’s background search. They talk to the company about what they want to do, where they want to do it, what publicity they are seeking, and what kind of relationship do they really want. If the director of a country targeted for involvement by the corporation objects, then that can kill the partnership. If the screening committee cannot reach a consensus decision, it is passed up to the executive staff. One basic guiding principal is that “CARE seeks relationships with partners whose mission and values are compatible with what we are doing and with our core values.” A framework used in the evaluation process is found in Exhibit 1.

**Progressive Engagement**

The partnership was formally launched in September 1991. Schultz recalled that they “promised Peter Blomquist that we would integrate CARE into every aspect of Starbucks business.” The vision of the relationship from the beginning was more than traditional philanthropy of simply writing annual checks. The main initiating activity was the creation of a coffee sampler containing coffees from three countries. The sampler was sold in the Starbucks stores and $2.00 from each sale went to CARE. This generated $62,000 for CARE in 1992. Thus, Starbucks was using its business competencies and infrastructure to generate benefits to CARE. The partnership was also celebrated in January of that year at the opening of a new store in Los Angeles. CARE in turn recognized Starbucks with its 1992 Northwest International Humanitarian Award. In effect, both partners were reciprocating the public recognition of the partnership, which positively reinforced the partnership formation decision. This year also saw Schultz and Olsen visiting a CARE water project in Guatemala sponsored by Starbucks. Thus, the corporate leaders were deepening their sense of engagement and commitment through experiential exposure.

In 1993 CARE bestowed upon Schultz its Corporate Leadership Award and Starbucks increased its commitment through a $100,000 donation to a CARE land restoration project in Ethiopia, the birthplace of coffee. Starbucks also sponsored a Kenny G concert with proceeds going to CARE, the first of several such concerts in ensuing years. The concert, sampler sales, and other donations generated an additional $103,000 for CARE. By July 1998 Starbucks had given cumulatively direct
contributions totaling $650,000, merchandise sales revenues of $481,000, and other donations of $112,000 for a grand total of $1.2 million. It had become CARE’s largest corporate donor. (See Exhibit 2 for annual contributions and Exhibit 3 for an event chronology.)

The activities suggest that this is a cause related marketing relationship, and CARE had been thinking about it in this way, but Starbucks did not see it as such. Blomquist recalled a Starbucks employee challenging his use of that term: “This is not a marketing partnership for us. That’s not why we're doing it. To call it a cause-related marketing partnership implies a calculated business plan to advance a marketing agenda, and that doesn’t resonate well with us. It started from a commitment to the values, and that’s where it really lives inside here.” In fact, the CARE relationship helped Starbucks elucidate its values. Olsen explained that at the time of inaugurating the partnership, “these values weren’t even expressed on paper. The intent was expressed before the values were even really articulated except in conversations with Howard, Peter, and me. In what later became our mission statement one of our six guiding principles requires us to be basically good citizens of our communities, and that meant these communities in developing countries.” Starbucks featured its partnership with CARE in its orientation for new hires. Schultz indicated that “our relationship with CARE has become a source of pride for our partners” (the term used for Starbucks employees).  

In 1994 Starbucks ratcheted up its commitment in magnitude and duration. (see Exhibit 3 for event timeline). It agreed to be a sponsor of CARE’s 50th anniversary and made a 3-year funding commitment of $500,000. In addition to larger donations, it made CARE the center of its in-store and mail order communications and promotion efforts in 1995. But in addition to these larger resource flows, there was increased people flow between the two organizations. Other Starbucks executives and staff were involved in CARE activities and some CARE staff spent time in Starbucks. This is indicative of the relationship moving beyond traditional philanthropy to a “transactional stage” of two-way benefit flows, and then to an “institutional integration stage.” In this stage the organizations’ values and missions are more entwined and people from the other partner’s organization are more deeply engaged in issues critical to the other. There is more joint learning and joint creation of value.

Perhaps epitomizing this on the people side, David Olsen was named in 1998 to the board of CARE and Peter Blomquist was hired in 1997 by Starbucks to head up its newly formed company foundation. On the issues side, when Starbucks was criticized by Guatemalan labor activists for not helping coffee workers, the company sought counsel and expertise from CARE in helping it formulate a code of conduct for its coffee suppliers. CARE is engaged in a process of determining how to create its global brand and Starbucks is engaged in global expansion, so there is another opportunity to join efforts to generate new knowledge. And for both, the partnership represents a real-time alliance laboratory to learn how to effectively manage other such relationships.

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8 Schultz and Yang, op.cit., p.296.
ALLIANCE DRIVERS

There appear to be three powerful drivers propelling this alliance: strategy and values alignment, personal connection and relationships, and value creation.

Strategy and Values Alignment

The closer the fit between the partners’ strategies and core values, the stronger the alliance. For Starbucks, community betterment was deemed a core value that was also part of their mission statement and their corporate identity. Accomplishing that meant engaging in positive ways with their supplier communities. CARE’s primary business was bettering the lives of those in need. This overlapping of missions provided a powerful glue for the alliance. The partnership was formed, according to Olsen, “to try to live up to our values.”

CARE President Peter Bell commented, “In our relationship there was a real coincidence of core values and commitments and a shared sense of both ethical and social responsibility.” Blomquist reflected, “Investment on the front end on the alignment conversation is probably one of the most important and strategic pieces of the whole process. If the alignment piece is discovered, nurtured, and becomes the foundation, then you’re designing for sustainability. If it’s opportunism and the commitment on either side is half-baked, then you might get a couple of years of high visibility and good coverage, but then it’s going to blow away. We got the alignment right and that’s why this relationship is seven years old and with no intentions to back away.” Another CARE manager suggested that corporations who keep switching charities to support might lose credibility with consumers.

Over time the strategic significance of the relationship has become even more important to Starbucks. Dave Olsen explained, “While values drove the bulk of this, something else began to emerge. As we started gaining presence as a brand, we needed to make sure that we were delivering on our comprehensive promise to our customers, not just a good cup of coffee and good service. Our concern was also fueled by growing awareness of the situation faced primarily by apparel and footwear companies regarding working conditions and human rights in developing countries. We realized that we had to manage this as an issue as well as an expression of our core values.” Schultz commented that “Precisely because of our CARE donations, activists groups knew we were concerned about issues impacting Third World coffee growing companies…. The downside of being responsible and responsive, is that it makes you vulnerable to an ever-wide array of special interest groups and individuals with diverse and sometimes unclear agendas.”

One of the manifestations of a strong alignment is a longer time perspective. Olsen recounted his conversation with two senior CARE staff in Ethiopia. He told them, “It’s okay if we don’t have flashy results and big stories to tell and pictures to show at the

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9 Schultz and Yang, op.cit., pp.296, 300.
end of a year. We recognize this stuff takes longer.” Their jaws dropped in amazement because they’d never had a donor say that before.

**Personal Connection and Relationships**

Institutional partnerships are created, nurtured, and extended by people. Social purpose partnerships are fueled by personal commitment to the social mission and enabled by strong personal relationships across the organizations. To be sustainable, there must be strong commitment and good chemistry at the top level. Olsen observed, “This partnership has changed my life and Peter Blomquist’s life.” For these two protagonists, the partnership has been a profoundly personal passion. The connections across the organizations were broader than just two individuals. An indication of the strength of the relationships is that Starbucks hosted in 1996 a send off party honoring retiring CARE president, Phil Johnston, and has developed a close relationship with his successor, Peter Bell.

Bell indicated that “As we explore corporate relationships, we feel most comfortable where first there is a relationship between senior executives at CARE and our corporate counterparts. It has to be more than a public relations or a charity relationship. It has to be more fulsome than that. The financial aspects are important but they do not make the relationship. There has to be sufficient mutual respect and trust so that we can talk about problems and issues in an open and frank way.” Olsen observed that there is a “deep appreciation by each of what the other does in the course of its regular business.” Another CARE manager commented that the relationship “evolved because of the human dynamic of a few people getting together who really like one another, have respect for each other, and share a common vision and goal.” Another manager indicated that in general between NGOs and corporations there are many misconceptions about each other. “You have to sit down and talk with each other and develop trust, and that takes time. It starts with one or two individuals and works down. You’ve got to filter that learning and trust through the organization. You have to be aware of your own and your partner’s cultures.”

**Value Creation**

The fundamental viability of an alliance depends on its ability to generate value to the partners. As former CARE president Johnston observed, “It doesn’t work very well and is not sustainable over time when there is an imbalance either way.” An analysis of this alliance’s Collaboration Value Construct reveals multiple benefit flows between the partners. Although the money flowing from Starbucks to CARE is sizeable and important to both, each partner indicates that other sources of value are what make this a truly rich relationship. One CARE manager observed, “As a nonprofit your life blood is your ability to secure donations and resources, but you have to manage the duality of identifying where you can access those resources near term, but also planting the seeds for longer term relationships. You’ve got to be governed by not where you can generate the resources now, but where having an alliance with a corporation can build into something that’s greater than the two organizations.”

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Both organizations had a need to get its mission message to the public. One CARE manager saw it this way: “Starbucks was creating an image, an aura, a whole coffee experience. And that unique experience was not just a good cup of coffee but also ‘we source from unique places all over the world and we do it in a respectful and humane way to the people we work with, just as we treat you, our customers, in a respectful way.’ The linkage to CARE was another way of demonstrating and manifesting their vision so that the average customer coming into the store could appreciate it.” CARE also had to get its message of helping people in developing countries to the public, and the thousands of daily Starbucks customers meant powerful exposure and extraordinary coverage that would be beyond CARE’s possibilities by other advertising means. As the previous CARE president Johnston indicated, “The Starbucks relationship was very, very valuable because it created a great deal of visibility for CARE with the general public, and creating visibility on your own dollar is very expensive. None of our other corporate alliances creates such visibility.”

Blomquist exuded enthusiasm about Starbucks exclusive promotion in 1995 in celebration of CARE’s 50th anniversary: “You walked into a Starbucks store that month and there were banners hanging from the ceiling, a poster, T-shirts, mugs, all with CARE on them. There was a big stand alone informational kiosk that had beautiful color pictures of each of the four CARE projects that Starbucks was supporting and an intelligent description of the project. For a nonprofit, this was a ‘died-and-gone-to-heaven’ promotion from a highly visible, cool, fast-growing company. It was, in some ways, the culmination.” In effect, Starbucks was leveraging its core competencies to create social value for its partner and accompanying business value to itself.

CARE’s core competencies were used on behalf of Starbucks to design and operate the development projects. Furthermore, its knowledge of the countries where Starbucks was sourcing from became a valuable resource. As Olsen confirmed, “I have a really reliable source of good information about current events politically, economically, socially, and environmentally.”

Both partners benefited by the mutual credibility gained by the association with the other partner’s peers and contacts. And each shared its network with the other. Doors were opened on both sides.

The foregoing represent high value resource exchanges based on core competencies. This two-way flow enriches the Collaboration Value Construct for both parties. There is, however, another source of value, which is the joint creation of new resources by combining competencies. One such emerging resource is based on drawing on CARE’s traditional development expertise and the new knowledge that Starbucks has gained from collaborating with CARE. Olsen observed, “In Guatemala we’re trying to apply our collective growing intelligence to make really strategic choices about the type and form of development projects.”
A final joint resource is the partnership model. Blomquist indicated, “The model itself was and is of tremendous value to CARE. It was phenomenal for me to knock on the door of another business and say, ‘Have you heard about what we’re doing with Starbucks?’ There was immediate receptivity and interest.” The relationship is a learning laboratory for both partners and there is motivation for further discovery. Bell commented, “We have not, by any means, exhausted the potential of the relationship.” Olsen echoed the sentiment, “As good as it was, we knew it could be better. We didn’t, however, ever think to ourselves, ‘Well, this isn’t working. Who is the next partner we should be talking to?’ That conversation never took place. And I think that speaks to the depth of the commitment of the two organizations to each other.”

ALLIANCE CHALLENGES

As of 1998 the relationship continues to be of considerable importance to both organizations, but the dramatic growth of Starbucks and the cumulative experience of the partnership has posed challenges to the partners.

Growth

At the start of this alliance in 1989, Starbucks was small and CARE big. In 1998 Starbucks is big, making CARE’s presence relatively smaller. One CARE manager indicated that, “They’re a really big corporation now and so there’s more layers of people, more bureaucracy. It’s growing so fast that it’s hard for the people in Starbucks to even know about the CARE partnership.” Furthermore, Starbucks created its own foundation and it has launched several initiatives in the U.S., so that CARE is now competing with other good causes and organizations for the company’s attention and resources. A CARE manager indicated, “Even though we’re still a big beneficiary of Starbucks generosity, we’re one of many now. So it’s harder for us to find ways to make a mutually beneficial partnership, because there’s just a lot more competition internally.”

Relationship Management

Blomquist pointed to the task of managing the relationship: “What CARE didn’t do was to create a team committed to doing the on-going work in support of the partnership. We sort of chipped away at it without a more strategic commitment and team in place.” Olsen expressed a related challenge, “How do you get CARE to think like us, a very visible, fast-growing, very aggressive branded retailer?” On Starbucks side he posed the issue of how actively the company should talk about the alliance: “You’re at risk of sounding too boastful if you beat your drum too loudly. I believe now that we fell way short of how aggressively we should have talked about this partnership.” Blomquist indicated that “CARE fell short of giving Starbucks the credit and visibility that was its due.”

It would appear that having a designated “Partner Relationship Manager” on both sides is called for to ensure adequate attention is given to the maintenance and
development of the alliance. This is analogous to the “Key Account” manager positions often used in business.

**Changing Expectations and Competencies**

In an alliance, some of the partners’ respective competencies get transferred and internalized by the other. This changes the expectations and the benefit equation of the partnership, or what I refer to as the “Collaboration Value Construct.” In this alliance, Starbucks has developed considerable knowledge about development projects, even to the point of managing some projects itself. It has become more proactive in expressing the nature of the projects that it wants to support, because it no longer needs to passively defer to CARE’s expertise and agenda. Starbucks also is more interested in maximizing its impact on the specific communities that it sources coffee from rather than just tagging on to a CARE project located somewhere in the country. One CARE manager indicated that CARE “is doing some projects that maybe otherwise wouldn’t have been selected. Not that they’re not needy or deserving, but we’re choosing one particular geographic area because Starbucks is interested in it.” This creates a tension that requires addressing, but also creates an opportunity for the combining the two parties’ growing knowledge to generate even more effectively designed projects.

**Complacency and Continued Innovation**

In a long-running relationship there often emerges the risk of complacency. Blomquist indicated, “It’s been great, but we haven’t given it quite enough attention in the last year or two, and we’ve got to put some new energy and passion into it.” A survey of Starbucks personnel revealed continuing strong commitment to the partnership, but the challenge lies in finding new initiatives. Without continuing, value-adding innovations, alliances risk stagnation. Blomquist added a constraint, “In the next phase, we have to find new ways to produce good things for CARE and for Starbucks, but without requiring huge management and operational time.”

**CONCLUSION**

The CARE-Starbucks partnership demonstrates the power of a values-driven alliance. Getting alignment of strategy and values created a strong foundation. Their partnership creation process revealed the importance of taking time to get acquainted and to ensure mission fit and organizational compatibility. Key “social intrapreneurs” drove the fusion and nurturing of the relationship on both sides. Their passion for the cause and their positive personal relationships were part of the requisite partnering chemistry. But the underlying solidity of the relationship derived from the mutual value to its partners.

Exhibit 1. CARE’s Framework for Partner Selection Process
Exhibit 2. Event History of CARE-Starbucks Relationship
Exhibit 3. Starbucks Contributions to CARE

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The Nature Conservancy & Georgia Pacific

OVERVIEW OF RELATIONSHIP

This is a particularly rich alliance to study because of its dramatic shift from a contentious to a collaborative relationship. The Nature Conservancy and Georgia-Pacific share a long history together – traditionally as opponents, more recently as cooperative partners. Historically, The Nature Conservancy, an international conservation organization and the largest private owner of nature preserves in the United States, and Georgia-Pacific, one of the world’s largest forest products companies, have pursued competing agendas for common lands. Typically, the two foes negotiated agreements for the sale or donation of GP properties deemed as high priority sites for preservation to The Nature Conservancy. However, given economic pressures in the forestry industry and increased public awareness of and demand for effective land conservation, both organizations began to reassess their contentious strategies. In 1994, The Conservancy and Georgia-Pacific entered a landmark agreement to jointly manage unique forested wetlands in North Carolina. This agreement represents a substantial shift in strategy for both organizations – strategies built on partnerships to accomplish their goals.

EVOLUTIONARY DYNAMICS

This relationship is of particular interest because it demonstrates how two organizations have evolved, separately and together, to embrace partnering as a strategic tool to respond to external forces in the marketplace. Both The Nature Conservancy and Georgia-Pacific went through an internal evolutionary process to be more responsive to external pressures – and thereby brought a higher value to potential partners. New leadership – John Sawhill at The Nature Conservancy and Pete Correll at GP – drove the internal change process that developed the organizational focus on and capability for each to develop creative solutions to traditionally conflict-based situations. As this relationship has evolved along the “Alliance Engagement Continuum” it shifted from an occasional philanthropic transaction to an on-going partnership in which the value exchange and creation has increased in scope, depth and strategic importance.

Stage I: Occasional Philanthropic Deals

The relationship between The Nature Conservancy and Georgia-Pacific dates back at least 20 years. Alex Hopkins, a key player in GP’s recent landmark agreement with TNC to jointly manage lands in North Carolina, recounted a typical interaction between GP and TNC. “Over 20 years ago, Georgia-Pacific worked with The Nature Conservancy and the state of Georgia to negotiate a below market sale of Lewis Island, a 6,000-acre island at the mouth of the Altamaha River. This type of transaction is typical of our past cooperative efforts with environmental and conservation groups. We

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10 Appreciation is extended to Linda Carrigan who played the primary role in drafting this case study.
negotiated agreements to sell or donate properties that they had deemed as high priority sites for preservation.” Typically, the land was not highly productive for GP and the sale or donation was rationalized as providing a one-time public relations opportunity and some possible tax benefits. John Rasor, GP’s Vice President of Forest Resources, commented that, “Twenty years ago, I didn’t think GP had much in common with a group like the Nature Conservancy. We met with them and listened to them and then went back to work, but my opinion — back then — was that business and environmental groups had very little in common, and it was difficult to find the value in working together.”

In this stage of the relationship, the organizations had seemingly competing agendas. TNC’s strategy was to acquire as much land as possible to protect it from the “bad corporate giants;” GP’s to manage land for maximal timber production. Environmental and economic goals were perceived to be in conflict. TNC pursued an offensive approach to acquire lands and GP reacted defensively to environmental issues by donating (outright or through below-market sales) lands. The “Collaboration Value Construct” was simple – TNC received land at below-market rates from GP and GP got a public relations hit and a potential tax break. Usually, low-producing lands were the subject of the sale or donation, and thus the “cost” of the donation to GP was minimal. As in most traditional philanthropic relationships, the corporate partner was the primary giver and the nonprofit the receiver – the value transfer was predominately one-way. The relationship was of little strategic importance to either organization, and the majority of transactions were negotiated at the local level with no corporate guidance or involvement. Thus, this initial stage could be characterized as a sporadic, peripheral, deal-based relationship.

**Stage II: Strategy Shifts & Alliance Creation**

**External Changes**

As environmental and timber organizations such as TNC and GP continued to pursue their independent agendas, the marketplace and political climate were changing. “As an industry, we are currently facing unprecedented pressures,” remarked Alex Hopkins. “We are challenged with managing our commercial forest lands in an environmentally sound way without compromising our competitive position in a global market for forest products.” Timber companies are subject to fierce regulation, as the environmental agenda has long been pursued through the regulatory process. More than 50,000 pieces of environmental legislation have been passed at the local, state and federal level. The conflict in the Pacific Northwest regarding the management of national forests and the protection of the spotted owl increased public awareness about the clash between the economic goals of forest-product companies and the environmental goals of conservation groups.

**Strategic Shifts**

While most environmental and timber companies continue to have contentious relations, TNC and GP have taken different paths. TNC recognized the limits of its strategy of purchasing lands for protection, and that they could never achieve their goals
on their own – essentially locking up all the land and throwing away the key to commercial use. At the same time, GP began to recognize the shortfalls in its defensive strategy. When it sells or donates ecologically significant land, GP gives up two things: it no longer has access to that resource; and it does not receive any lasting public relations value or long-term credibility. "These types of relationships are short-term in nature and do not necessarily build understanding and trust between the two groups," noted Alex Hopkins. Lynn Klein, Senior Communications Manager in Forest Resources at GP, commented on the limits of GP's traditional relations with environmental groups: "Usually when we sold land, I always felt the underlying message was — even though we might have managed the property for 40 years — property saved from corporate giant. We may have owned and managed it for timber production for many, many years, but as soon as you transferred it, you might get mentioned in an article, but you were not necessarily given any credit for anything."

New Leadership

In addition to changes in the marketplace and political climate, new leadership at both organizations marked a shift in philosophy and strategy.

When John Sawhill took over the helm at TNC in 1990, he brought decades of experience in the private sector as a partner with McKinsey & Co., a government policymaker, and a president of a university. “Before I arrived, there was certainly an effort to reach out to the corporate community. I tried to accelerate the process. One of the things I did was to bring more CEOs onto our board to give us more credibility in the corporate community and to get their thinking about ways to work effectively with them. Secondly, we had talked about working with corporations, but frankly, what that really meant was raising money from corporations. What we've tried to do in the last few years has been to develop partnerships where we're actually doing things together to accomplish conservation.”

The change in leadership brought new attitudes and programs. TNC recognized that its strategy of preservation through its land acquisitions would never be able to have the scope required to meet the need for massive conservation. In 1991, TNC introduced The Last Great Places program, a systematic, science-based program to protect large natural communities and preserve outstanding remaining ecosystems in the U.S., Latin America and the Pacific. Through the program, natural habitats are established within a managed landscape surrounded by buffer zones used more intensively for economic, recreational and other human activities. This program peaked GP's interest in TNC, as it demonstrated TNC's commitment to both environmental and economic goals.

When Pete Correll assumed the role of CEO at Georgia-Pacific in 1993, he inherited an organization that was consistently rated at the bottom of pollution charts. Correll recognized that the old approach of confrontation with environmentalist was not a viable strategy given the growing support for environmentalism among the public and the government. Therefore, he made the environment a corporate priority. He defined environmental stewardship at GP for both manufacturing and forestry operations, and made a public statement about environmental stewardship in the new corporate vision.
He also hired Lee Thomas, former EPA administrator to lead the environmental effort. “Lee was on a pretty strong mission to bring some visibility and some readjustment of our goals with conservation towards environmental concerns and I think Pete gave him a pretty strong charge,” remarked Rob Olszewski, Director of Environmental Affairs at GP.

Under Correll's and Thomas' guidance, GP began to take an active role in defining environmental stewardship for a commercial forest through both company and industry-wide efforts. GP has adopted an 11-point environmental strategy and played an instrumental role in the Industry-Wide Sustainable Forestry Initiative.

As GP and TNC began to reposition themselves — GP environmentally and TNC economically — the stage was set for a more strategic and equal partnership. Each organization began to see the value in working with, rather than against, each other to accomplish their respective goals.

In late 1993, the executives of both GP and TNC met to discuss potential land acquisition and protection projects. This meeting, different than any other previous meeting between the two, marked the beginning of the landmark Lower Roanoke River Deal. "Right after Lee Thomas became the head of GP's environmental group, we asked them if we could sit down and review a whole range of projects with them," recounted Sawhill. "It was a proactive effort on our part to go to them and say, "You're a large land-owner. There are a number of places where we want to work with you. Let's see if we can sit down and prioritize these things together."

GP asked TNC staff to "pitch" land acquisition or protection projects that they were interested in related to GP-owned forestland. At a meeting at the top of the Georgia Pacific tower in downtown Atlanta, TNC proposed several project ideas in Arkansas, the Lower Roanoke in North Carolina, and the Altamaha River in Georgia. "We brewed up a very rough list where there might be potential to work together on something," recalls Rob Olszewski. "There was not a lot of clear definition when we left the room on that first day.” Commented Lynn Klein, “We didn’t even have an idea of what we might do.”

After the executive meeting, the representatives from the TNC state chapters returned home to meet with the local GP forestry personnel to develop a proposal for management review. In North Carolina, Alex Hopkins from GP and Fred XX from TNC led the proposal development effort. Recalls Alex, "At our first meeting in Raleigh, there was a certain level of mutual distrust. But from the outset, we agreed to be open and honest about our objectives, our expectations and our concerns. At the meeting, we discussed pursuing other options instead of selling or donating the land.”

When Alex and Fred returned to present their proposal to the management teams, they were greeted with applause. The two proposed that GP and TNC would jointly manage 21,000 acres of unique forested wetlands along North Carolina's Roanoke River. The proposal called for the development of an ecosystem management plan to guide both conservation of the property, designated as a Last Great Place by TNC, and ecologically compatible resource management, including timber management.
On November 14, 1994, Secretary of Interior Bruce Babbitt, John Sawhill and Pete Correll conducted a press conference in Washington D.C. to publicly announce the land management agreement. The terms of the Georgia-Pacific/The Nature Conservancy Ecosystems Partnership include the following:

- **Georgia-Pacific Role** – GP is responsible for the ownership, operation, upkeep and maintenance of the properties, including all associated costs, and jointly developing and monitoring the ecosystem management plan.

- **The Nature Conservancy Role** – TNC is responsible for protecting the properties; monitoring and managing plant and animal populations, plant communities and natural habitats; and jointly developing the ecosystem management plan. TNC will be given all hunting rights and, in the event of ownership transfer, has right of first refusal.

- **Ecosystem Management Plan** – The plan will ensure the highest level of conservation, and, if compatible, timber production. However, timber harvesting is prohibited within 660 feet of the channel of any permanent stream or estuary, and all timber will have to be removed by helicopter, at a cost four times higher than usual methods.

- **Land Management Team** – The ecosystem management plan was developed and is managed by the GP/TNC Ecosystems Partnership. The partnership met quarterly through 1995 and periodically thereafter. The members of the team include representatives from North Carolina Wildlife Resources Commission, U.S. Fish and Wildlife Service, North Carolina State University’s Department of Forestry, Georgia-Pacific, and The Nature Conservancy – the latter two as the only voting members.

This agreement is a dramatic departure from the traditional deals negotiated by GP and TNC. First, it was not a “deal” and second, it wasn’t “negotiated.” The agreement is more than a one-time date – it is a commitment to a long-term relationship with the terms set by the partners together. Both parties brought scientific capabilities and resources that were of value to the other, thus creating a more level ground for equal value exchange.

The agreement also set a precedent for future collaborations. In Brunswick, Georgia, TNC put on 3-day training session for GP foresters on identifying native plant communities. The purpose of the training was to provide the foresters with the capability to identify native plant communities so that they could be protected as appropriate. “We both look at this as a neat pilot,” noted Olszewski.

Given the success of the Lower Roanoke project, GP and TNC continue to pursue partnership opportunities. At GP, each operating unit is responsible for developing a plan around the 11-point environmental strategy, which includes actively seeking out partners and recognizing special sites. Thus, the corporate office has provided the overall framework and guiding principles, and it is up to each profit center to develop and
implement environmental initiatives and partnerships appropriate for its local area. GP and TNC are currently working together on projects in a number of states.

As a result of the success of these types of collaborations, both organizations were more receptive to innovative agreements with other organizations. Rasor commented on the impact of the Lower Roanoke project on GP’s future agreements. “Our experience with the Lower Roanoke project has spawned other innovative conservation agreements. In Florida, our foresters sold the development rights to more than 30,000 acres to the state of Florida. Abiding by mutually agreeable forest management plans, we still manage our lands for timber production, but the state gets an assurance against commercial development of those properties. They were able to accomplish this without taking our lands off the tax roles and assuming management costs.”

In this stage, the organizations were building the internal focus and capability for partnership, and perhaps more importantly, mutual trust. Each success brought a deeper understanding and appreciation of the capabilities and resources of the other and an expanded perspective about the future possibilities for the collaboration. Without this foundation, the organizations would be unable to attain long-term success with higher-risk, Stage III-type projects.

**Stage III: Greater Collaborative Complexity**

The Lower Roanoke project set an important precedent for the GP/TNC collaboration. However, the region had less timber value than many other GP lands, and it was difficult to harvest. GP had little to lose and much to gain in the agreement. Nonetheless, the project proved to be an excellent first project in which to test new waters.

As the partnership between GP and TNC broadens, the strategic importance and scope of the projects is increasing. The Altimaha High River Project in Georgia, launched in late 1998, raises the stakes of the GP/TNC collaboration. The land, part of TNC’s Last Great Places program, has large industrial ownership and intensive pine management. “These are very productive timber lands coming to the table in this agreement, explained Olszewski, who is managing the project. “The hardwood sites on this property are generally quite better than our Roanoke River sites. It’s more of a real life opportunity than Roanoke.”

The Altimaha River project brings together TNC, GP, two other forestry companies, and the Georgia Department of Natural Resources (DNR). Under the agreement, the three companies will convey the timber and development rights on a three hundred foot strip, of the companies’ collective ownership of over 50 miles, to the Georgia Department of Natural Resources under their River Care program. DNR will buy those timber and development rights for that acreage from the three companies who will collectively put those funds together in a trust that will be managed as an annuity. The companies will also commit forty thousand acres for research, to be funded by the trust. The research plan calls for a $100,000 annual budget, using the interest that’s generated
from the trust. The three companies bring the land base; DNC brings money from the
River Care program; and TNC brings staff and expertise. Together, the five organizations
will form a steering committee that will direct the funding of the research projects. GP
will continue to operate and manage the land for forestry production, under forest
management plan. The trust will be managed for 5 years, and if any of the three
companies is not satisfied with the project, it can pull out its remaining principal and
cash.

Olszewski explained the importance of bringing in other companies as partners.
“We’re worried about the image of the entire industry. If everybody feels like GP is the
only one who is doing good, a regulator could take the position, “Well, we know you
guys do good, but we still need regulations because those other guys aren’t doing good.”
There are reasons to broaden the partnership and get some additional leverage. And we
can also share some of the burdens of managing the project going forward – these things
do require manpower and time.”

The strategic importance of the Altimaha River project, to TNC, GP and the entire
forestry industry and conservation movement, is evidence of TNC and GP’s commitment
to changing the rules of timber management and land conservation. As with the Lower
Roanoke, GP and TNC share a joint mission; however, in this case, the land in question is
of higher strategic importance to both organizations.

John Rasor summarized the evolution of GP's relationship with conservation
groups. "Our relationship with groups such as The Nature Conservancy has grown and
matured over the years, from a one-shot public relations and tax opportunity into a long-
term partnership. We're still in the business of growing and harvesting tress to supply raw
materials to our paper and building products mills. However, in our environmental
journey, we have recognized that environmental stewardship is an important element in
how we manage our mills and our 6 million acres of commercial forestland. And,
cooperative partnerships and proactive alliances are a growing part of our environmental
strategy and commitment to sustainability."

Similarly, Sawhill reflected on the dramatic shift in the GP/TNC relationship.
“The Roanoke agreement represents an unprecedented level of cooperation between two
traditional opponents…but times have changed. The Conservancy has recognized that in
some ecosystems, protecting rare plants and animals need not exclude economic activity
– in this case, logging. Although seemingly counter to the prevailing environmental
dogma, this represents an intriguing and cost-effective trend in conservation.”

ALLIANCE DRIVERS

Despite a momentous set of challenges, Georgia-Pacific and The Nature
Conservancy had made impressive progress in developing their alliance. What are the
factors that have enabled this relationship to shift away from contentious to collaborative?
There appear to be four powerful drivers that have propelled the alliance forward along
the Engagement Continuum: Strategy Alignment, Shared Visioning, Personal Connection and Relationships, and Value Creation.

**Strategy Alignment**

For both Georgia-Pacific and The Nature Conservancy, partnership has become an explicit business strategy – to avoid potential government intervention and regulatory constraints and to achieve overlapping economic and environmental goals.

Sawhill explained TNC’s strategic shift. “The number of partnerships has accelerated recently. This reflects a change in The Nature Conservancy's strategy. In the 1970's and into the 80's, we thought the best way to go about our work was to go out and buy a piece of land and that way we could make sure it was protected. We began to realize that we had to think on more of a landscape scale and we had to try to convince other landowners to manage their lands in ways that would be consistent with our objectives. This has given rise to a lot more partnerships because we realize that that's the only way we can get these landscapes protected, and if we don't protect the landscapes, we're not going to protect the bio-diversity. A reorientation of our mission and strategy has led us into a much more aggressive partnership effort.”

Olszewski shared his perspective on GP’s shift in strategy. “We can't be a company that apologizes for managing intensely – that’s our business and that's what generates the revenue for our shareholders. But I think our piece of the pie is recognizing that we do have some unique sites, and managing those appropriately where we do.”

Klein commented on the strategic shift that paved the way for the Lower Roanoke agreement. “It was the right time, industry-wide and also within the company, to define environmental stewardship and figure out how we wanted to position ourselves environmentally.”

A change in strategy and action facilitated the shift along the alliance engagement continuum. The executives of each organization were receptive to the Lower Roanoke proposal because they had seen concrete evidence, not merely lip service, of the other’s commitment to a new vision. GP had had recent success in its conservation efforts. They had recently entered an agreement to manage an endangered species with U.S. Fish and Wildlife, which provided a reference point and demonstrated GP's leadership position in endangered species management. TNC had shown its commitment to economic viability in the Last Great Places program. "One of the things that prompted us to look at doing something different is the nature of TNC's Last Great Places program,” explained Lynn Klein. “It is not just a straight preservation program. In fact, what they're looking for is protection of ecosystems, but also protection of economic activity. The view is that if you can protect the environment but still sustain the economic viability, then you have the best of both worlds — and that's a big, big emphasis with Sawhill."

While TNC and GP were once positioned at opposite ends of the environmental and economic continuum, strategic shifts “towards the middle” at both organizations have
resulted in overlapping objectives. Given shared objectives, both invest in the relationship for their own strategic purposes, creating a mutually-reinforcing partnership.

**Personal Connection & Relationships**

The personal relationships throughout the organizations drove, and continue to drive, the GP/TNC collaboration. The personal connections are requisite to building mutual trust. Pete Correll and John Sawhill became acquainted while serving on the President's Council for Sustainable Development. Sawhill asked Correll to serve on his board starting in September 1995. The two traveled together to Belize. As their professional and personal relationship grows, so too does the depth of the organizational relationship.

The relationship between Sawhill and Correll sends a strong message to their respective organizations about the importance of the collaboration, and also gives employees the liberty to actively engage in the partnership. Olszewski commented on the impact of this key relationship at GP. “Pete and Sawhill have a pretty good relationship personally and everybody knows that. If the big C feels like it's OK to deal with these people – he’s interested in them, he's on their board, and he's gone on trips with Sawhill – then that conveys that it’s OK to work with these folks too. I think that gives a signal from the top that nobody is going to bite you if you're caught off with the Nature Conservancy folks somewhere one day.”

Relationships at the top of the organization are necessary, but not sufficient, to sustain and grow a partnership. The more points of connection, the stronger the relationship. Lynn Klein commented on the importance of multiple touch points. "Making sure that everybody’s comfortable, from the executive level down to the actual forester who's going to interface day-to-day with The Nature Conservancy person who's charged with managing that area. The executives and PR people can come in and out and talk about it, but then you have to have foresters and The Nature Conservancy people at the lowest level OK with the partnership and OK with talking with each other.” Olszewski added, “If the local leaders are not bought in and it gets rammed down and they’re not happy about that, they have a way of throwing a little cog or clunker in there.”

As one of the group managers at the local level, Alex Hopkins echoed Lynn and Rob’s sentiments. "The interpersonal relationships built in these type of partnerships are critical. I can't over-emphasize the importance of developing interpersonal relationships. It's easy to identify a group or a company as your adversary if you don't have a personal interaction with that group." Olszewski agreed that the relationships at the local level drove the Roanoke agreement. " One of the reasons that the Roanoke emerged was a combination of the personalities. Al Hopkins, who was our group manager out of the Raleigh area, took a significant personal interest in this whole endeavor – probably more aggressively than some of our other guys did at the time. And that was important. He struck up a pretty good relationship with folks from TNC in Chapel Hill."
Sawhill confirmed the need to build a network of personal alliances. "In a big, multinational corporation, a multiple approach works best. We build strong relationships with the people in the communities where we're working and we also build a relationship at the top of the corporation, so that when I call the CEO he answers the telephone. Georgia Pacific is a good example — the people in these different project areas have good strong relationships. And we've got Pete on our board, so the people down the line know that there is good support at the top. You really need both on order to succeed. We have failed at times, when we've had one and not the other."

Sawhill also commented on the importance of being able to engage individual employees in the partnership. “We have lots of volunteer opportunities, and ways that individuals can give out of their paycheck and specify where the money goes – for example, to the state where they grew up. So there's really a way to build some sense of corporate pride and momentum.”

**Value Creation**

The sustainability of any relationship is based upon a balanced transfer of value between partners, and ultimately, on the value created by the partnership. As GP and TNC move together along the alliance engagement continuum, the mutual understanding and value creation increases. The degree of value ranges from the transfer of generic resources and core competencies to the joint creation of new resources. The incentive to drive the collaboration forward increases as the value multiplies, thus creating a reinforcing cycle of value creation and exchange.

In the initial stage of collaboration, the organizations only transferred generic resources. GP transferred land to TNC, and in exchange, GP received the public relations value of partnering with a credible non-profit organization. "Partnerships provide us with the third party endorsement we need in order to be viewed as good environmental stewards," noted Rasor. "It becomes part of our "proof of performance" approach to validating our company's environmental commitments and goals."

As the relationship has developed, GP and TNC exchange core competencies. TNC provides an understanding of business (not often found in a conservation group), a credible and solid reputation, and scientists with knowledge on ecosystems like the Roanoke. TNC also provides GP with "a seat at the table" when environmental issues and solutions are being discussed. GP provides land of strategic importance to TNC, as well as its growing network of environmentally-conscious timber companies. It also brings huge forest management knowledge. These assets are equally important to each organization in accomplishing its mission — the mutual value of the collaboration is increasing.

In the Lower Roanoke and Altimaha River projects, GP and TNC are jointly creating resources. Together, GP and TNC are demonstrating that forestry practices are compatible with the important environmental functions and values in the specific locations in which they operate. In addition to achieving economic and environmental goals, the two
are creating good will with the public and government regulators, important assets in land management. "We would like people to think of forestry as a legitimate land use – as one that is very low intensity and compatible with the environment," emphasized Olszewski. He continued, stressing the importance of the good will created by the Lower Roanoke project with government regulators. "The regulation of forestland management activities is still pretty objective. As a result, I would attach some very high significance to the kinds of images you paint for your organization with agreements like this. When it comes down to a tough negotiating setting, I would not underestimate how they view us versus someone that they perceived as not being very concerned about environmental issues."

**Shared Visioning**

In addition to mission overlap, personal connections, and value creation, a shared visioning process has fueled the GP/TNC relationship. When the executives from both organizations met in Atlanta in late 1993, they had absolutely no idea what would emerge from the discussions. The concept of joint land management was not even a topic at the initial meeting.

Though no specifics emerged from the meeting, the context for a new genus of partnership was set. The executive leadership gave the organization license to develop innovative collaboration projects. This allowed local leadership to sit down at the table and propose creative ways to work together. Jointly, the local TNC chapter and foresters in North Carolina developed the landmark Lower Roanoke agreement. The involvement of local leadership in the initial design of the project has been instrumental in the success of this agreement. “I think having some local ownership was important,” stressed Klein. “In any large corporation, nobody likes corporate forcing anything down their throat.”

GP’s 11-point strategy has facilitated the development of additional projects using a shared visioning process, whereby local operating units actively seek out partners and work with them to define environmental projects best suited for the local area. Sawhill summarized the importance of collective visioning. “The better partnerships are the ones where they bring us in at the brainstorming phase, rather than when they have already decided exactly what they want to do and they're just confronting us with a final plan.”

**ALLIANCE ENABLERS**

A project-based approach and organizational structures, systems and capabilities have enabled the relationship to flourish and sustain itself over time.

**Project-Based Approach**

The parameters of the GP/TNC relationship are not set in the boardroom and are not guided by some overall partnership agreement. Instead, the collaboration has evolved over time, based on the successes and challenges of specific projects. The project-based approach has enabled the evolution of the collaboration because it fosters both focus and learning.
With each project, the collaboration develops an agreement that specifies objectives, and roles and responsibilities based on the unique needs of the project. Sawhill added, “It’s really important to narrow down exactly what you’re both trying to accomplish, where your interests overlap, and who bears what costs. You’ve got to be very, very explicit up-front on both sides about what you really want out of the relationship.”

The organizations, individually and collectively, also learn from each project, and refine future agreements based on their learnings. “This relationship continues to grow,” noted Olszewski. “There’s a lot of probing and restructuring and thinking that we do, and that the TNC folks do, that makes it grow and modify over time, which is good.” Each project opens the door for more personal connections, mutual understanding and ultimately trust. And with each success, the collaboration develops confidence to attempt increasingly complex and important initiatives. The Lower Altimaha project would not have even hit the radar screen had it not been for the success of the Roanoke agreement. Olszewski stressed the importance of an incremental evolutionary process. “Let the relationship grow over time. Don’t try to leap from level one to level ten – all those levels in between are important because you develop mutual organization trust.”

Organizational Structures, Systems and Capabilities

To realize the full potential of collaboration, each partner has developed an infrastructure to support the partnering process. As discussed earlier, both GP and TNC have embraced partnership as a strategic tool. GP has developed a specific partnering process. Each profit center develops an annual operating plan around the eleven point environmental strategy that includes a plan for establishing local partnerships.

These strategies and processes have successfully “produced” partnerships because GP and TNC have developed the organizational infrastructure to support them. The key elements of the infrastructure include: joint management structure, “account managers,” in-house expertise, and an incentive system.

Joint Management Structure. In the landmark Roanoke agreement GP and TNC established the Land Management Team, comprised of representatives from both organizations and non-voting members from state and federal environmental agencies. This team spent a substantial amount of time meeting to “hammer out the details,” according to Sawhill, and will be responsible for the ongoing management of the land. This type of management structure helped to build consensus on the terms of the Ecosystem Management Plan, and will ensure that decisions moving forward are made together and in accordance with the original intent of the agreement.

“Account Managers.” GP has dedicated resources to define and implement its environmental strategy – from Lee Thomas who sets the strategy, to Rob Olszewski, who manages the partnerships at the corporate level, to the local area manager who manages the day-to-day relationship. Likewise, TNC has appointed account managers to its key partnerships. “You need someone on both sides who has overall responsibility,” stressed
Sawhill. “When we haven't had that in some of our cause-related marketing partnerships, it's made it more difficult because there isn't necessarily anybody on the corporate side thinking about how to move the relationships forward.”

The job function of the point of contact is also important. Sawhill expressed his perspective. “You'd always rather be dealing with someone who has a live business – is close to the basic business of the company. But you can't pick whom you work with, so you do end up with the charitable giving arm, or environment, health and safety person. But sometimes that person can be your champion and has a budget” for philanthropic programs, unlike a business unit leader. (Sawhill)

**In-house Expertise.** Managing partnerships requires new skills and both organizations have built internal capabilities to effectively manage alliances. At GP, Rob Olszewski and his staff across the country provide support and guidance to the profit center managers on how to find appropriate partners and develop innovative plans. Additionally, the corporate legal and tax departments are available to put together agreements and the communications department develops fact sheets and helps to determine the best way to announce a deal to maximize the public relations value.

Developing new organizational capabilities is often a challenge, as Sawhill explained. “We created a cause-related marketing program. Prior to 1990, there really was no cause-related marketing program in the country. And now it's the predominant form of corporate philanthropy, and that transition happened overnight. So we had to basically start a program from scratch and get some expertise in it real fast. Organizational flexibility is really critical. You have to attract new skills to your organization to respond to these opportunities. The corporate sector is moving very fast these days, and we have to keep up with that.”

**Incentive System.** Ultimately, the shift from a contentious to cooperative relationship requires a change in individual behavior. Both GP and TNC have developed systems that reward collaborative behavior. At GP, a small part of an individual’s bonus is tied to his performance on the 11-point strategy. However, Olszewski pointed out that, “The stronger influence on them is peer pressure. It’s stronger than the bonus plan. We’ll bring them together and they’ll do presentations on their 11-point strategy. And if one of them is lagging way far behind – you’d be surprised how that works. They see that their peers are doing it, they’re getting complimented for it, it looks like the right thing to do – and that makes them think differently.”

Sawhill also emphasized the importance of incorporating partnership activities into performance objectives. “Establish someone in the corporation who has a clear responsibility for making the partnership work – someone who says, “This is my job. This is in my annual objectives. I’ve got to get this done.”
ALLIANCE CHALLENGES

Georgia-Pacific and The Nature Conservancy have made substantial progress along the alliance engagement continuum, despite meeting a number of hurdles along the way. Five areas posed major challenges to TNC and GP as they have moved through the various engagement stages: old mindsets, shared mission and vision, value construct, organization control, and institutionalization.

Old Mindsets

The partnership has not been without challenges, and old mindsets and perceptions continue to restrict the full potential of the relationship. Many at GP continue to associate TNC with “tree huggers,” while some at TNC continue to view GP as anti-conservation. Rob Olszewski commented on the mindset at GP: “Some of the conservative foresters tend to group the environmental community together, rather than sorting out through the vastly different organizations. There are some cowboy foresters out there who feel like it’s none of anybody’s business what we do out there on the landscape.”

The initial Lower Roanoke proposal did not receive universal support. GP's law and tax departments, as well as some of the "old school" management, resisted the change. "Our law and tax people like to keep everything very clean," recalled Lynn Klein. "They said, why don't you just sell it to them or donate it, and that way it's clean and we're out of there.” John Rasor looked to Lynn to build the case for this new kind of agreement. "We ended up not yielding to the tax people, and I think it's real good because the long-term benefits have been good — it's probably made people a little bit more willing and open to look at new relationships," added Lynn.

Sawhill commented on the challenges of overcoming traditional ways of doing business. “I think the biggest difficulty was a mind-set on both sides that was grooved in the traditional way of doing business. We wanted to buy their land — that's the way we'd always operated. And they said let's think about a different way of accomplishing your objectives, because we're not going to sell this to you. Abandoning some of our traditional ways of thinking enabled us to move forward.”

GP and TNC have made progress in overcoming old perceptions, and the change in attitude has been noticeable. Rob noted that there has been an increase in the comfort level in dealing with nonprofit organizations, and that the change has been most distinctive with the senior executives. As the two organizations have developed a better understanding of each other, they have become more receptive to new ideas. Lynn Klein commented on the learning that has occurred within GP. “Just being open to the idea of meeting and listening and talking to people and not necessarily assuming that you can’t do anything together – that’s been a big lesson learned for all of us. There’s been an impact on the culture – we do a lot more sitting down at the table and talking through things up front.” Success in new kinds of partnerships has also opened minds. Lynn added that if GP had not entered into the agreement on the Roanoke River, it might not have considered doing anything differently with the State of Florida.
In addition to overcoming old mindsets about the operating philosophies of each organization, TNC and GP still struggle to break out and stay out of the traditional roles found in nonprofit/corporate partnerships. “There is a tendency for both the business and the charity to slip backward into traditional roles, where the charity is the seeker, and the business is the giver,” noted Sawhill. “You have to struggle to keep it as a partnership.”

Shared Mission & Vision

It was not until GP and TNC each made a shift in their own operating philosophy and began to share commonalities in their vision and values that they were able to be receptive to and progress along the alliance engagement continuum. Historically, the two viewed themselves at opposite ends of the spectrum in terms of land management and conservation, and thus saw minimal value in working together. Traditionally playing defense around environmental issues, GP recognized the need to embrace forest sustainability. At the same time, TNC adopted economic viability as a goal alongside environmental preservation. “So while we’ve been pushing one way, they’ve been coming our way,” explained Rob. “There’s been a changing thought process with them at the same time.”

Given the historically contentious nature of their relationship, GP and TNC have had to fight an uphill battle to build a shared mission and vision. The leadership of Sawhill and Correll helped to shape and drive the changes that have resulted in common goals. As they began to break down barriers, GP and TNC began to see the overlap in their missions and the value in working with, rather than against, each other to accomplish their respective goals. Partnership became an operating strategy for both organizations. Common values, often hidden because of the tradition of antagonism, also became apparent. “The GP people have an interest in the outdoors and are, in their minds, supporting conservation,” expressed Sawhill. “So this partnership gives them an opportunity to do that, as opposed to always being in the position of fighting environmentalists.”

Value Construct

As GP and TNC have developed their partnership, they have struggled to maintain a balance between maximizing the value of the mutual benefit flow and minimizing the potential risks of the relationship. In the early stages of the relationship, the traditional land sale or donation created predominately a one-way value transfer from GP to TNC and minimal risk for both organizations. As the relationship has evolved, the stakes have increased. The Lower Roanoke River deal clearly set a precedent for a new kind of partnership, yet the land itself was not a high priority, high producing site for GP. GP did not stand to lose much if the partnership failed. The Altamaha River, however, contains very productive timberlands and more of a real life opportunity than the Roanoke. GP has more at stake in this deal. The partnership could not have even considered the Altamaha River project had it not been for the demonstrated success and value creation afforded by the Roanoke project. “You walk before you run,” explained Rob Olszewski. “You don’t want to
get too committed to your extremely valuable assets before you know your partner and how they think. These are all steps of an evolving relationship.”

GP has also faced the challenge of convincing internal skeptics about the value of their relationship with TNC. “There are some folks who are pretty hard-core business folks who challenge the issue,” noted Olszewski. “It is very difficult to quantify the business benefits, in traditional means, of the partnership to your organization. These are people who tend to be very straight finance-oriented people, who probably would not think as broadly as a Pete Correll would. If you’re not willing to think a little broader, you can raise some questions about partnerships like this.” GP wrestles with quantifying the benefits – good will at the negotiation table and in the public’s mind; training for its foresters on identifying areas for protection – and convincing internal skeptics and external stockholders about the value of the partnership.

Organizational Control

As the nature of the GP/TNC relationship has moved along the “Alliance Engagement Continuum” to a more integrated partnership, each organization has had to relinquish increasing amounts of control. The loss of control has posed a threat to each along the way. As previously discussed, GP’s attorneys and accountants preferred a clean land sale or donation to an ongoing and potentially restrictive joint land agreement. “There was concern at Georgia Pacific about locking ourselves into something that would be bad for shareholders,” explained Lynn about the Roanoke River deal. “We might at some point want to sell the property.” To minimize the loss of control, The Nature Conservancy will have the right of first refusal if GP decides to sell the land.

As the partnership has intensified, each organization has also had to give up some degree of control over their image and brand, as its reputation becomes more closely aligned with that of its partner. “We value most our reputation,” noted Sawhill. “If we tarnish it in a partnership, we jeopardize our membership support and revenues.” TNC was the subject of much controversy within the conservation community because of its partnership with a “big bad timber company,” while GP’s competitors questioned its willingness to associate with “tree huggers.” As they charter a new path of partnership, both organizations face the challenge of overcoming long-standing stereotypes and prejudices within their respective communities.

Institutionalization

Both GP and TNC have set the stage for institutionalization of the partnership through strong leadership, explicit partnership strategies, involvement at the local level in the design of the programs, and an infrastructure of support. Moving forward, however, both organizations are aware of the challenges of maintaining the momentum of the partnership – not every program will be introduced by the Secretary of the Interior in Washington. As Rob Olszewski stressed, “How do you keep momentum together? How do you effectively keep the energy level up to try other things? How do you keep things funded? It costs money to do stuff like this.”
Lynn Klein also addressed the challenge of maintaining the original intent of an agreement, given the long-term nature of the projects and the short-term nature of job assignments. “I think the toughest part is trying to be true to the original agreement given personnel changes. The foresters who were involved in the original agreement can get transferred somewhere, and the Nature Conservancy has had some personnel changes, too.”

CONCLUSION

Georgia-Pacific and The Nature Conservancy transformed a contentious relationship into a strategic and collaborative partnership. They have successfully migrated along the Collaboration Engagement Continuum because of their strategic fit, the personal connections and relationships developed throughout the organization, increasing value exchange and creation, and a shared visioning process. A project-based approach fostered focus and organizational learning and, along with the development of organizational infrastructures, enabled the relationship to continue to mature. We can also learn from the challenges in this evolving relationship, including overcoming old mindsets, developing a shared mission and vision, constructing the value flow and creation equation, relinquishing organizational control, and institutionalizing the partnership.

Through this collaboration, GP and TNC are changing the basic rules for managing land and demonstrating the compatibility of economic and environmental goals. Their success is a first step in understanding how the nonprofit and private sectors can work together to manage territory once left to the government to regulate.

Bidwell Training Center & Bayer Corporation

OVERVIEW OF RELATIONSHIP

The relationship between Bidwell Training Center and Bayer Corporation began with an accidental meeting in 1989. Since that meeting, the two have collaborated on a number of model projects, from developing a chemical technician training program to producing a Grammy award-winning CD. “The whole story is the story of people working with their friends,” emphasized Peter Benzing, the former Bayer executive who initiated the Bayer/Bidwell meeting. Indeed, it is not so much a story about philanthropy as about social entrepreneurship.

Appreciation is expressed to Linda Carrigan who played the primary role in drafting this case study.
Discovering the Partnering Model

The Bidwell-Bayer partnership had precursors. Bidwell, a training center established in the 1960’s, provides marketable skills training programs for the economically disadvantaged, minority students and single parents, and more recently, the dislocated worker and unemployed in Western Pennsylvania. Given its market focus, the center has established relationships with major employers throughout the greater Pittsburgh area. The first big Fortune 500 relationship was with TCF. They approached Bidwell to work with them to train a group of installation technicians to build a cable system. Bidwell trained 56 technicians and TCF built the cable system. Bill Strickland, Executive Director of Bidwell, described the relationship, “That was our first real formal corporate partnership. TCF invested money in Bidwell, and loaned us technicians to create the curriculum; we recruited the students and got the training money. Fifty-six people graduated. They built a cable system. Several of those people now are supervisors with the system and one is a vice-president. It’s a really neat story. And so once I figured that out, that was the template. It then was a question of where are the next opportunities going to come from? IBM got into the game right after that and then Bayer.”

Bayer Corporation is the U.S. subsidiary of Bayer Group of Germany, a $32 billion global leader in chemicals and pharmaceuticals founded in 1863. Based in Pittsburgh, Bayer USA is a research-based company with major business in health care and life sciences, chemicals and imaging technologies. Bayer has a long history of community involvement and given its roots in Germany, is a strong supporter of the arts. The Bayer foundation, established in 1953, distributes approximately $4 million each year to civic and community programs; science education and workforce development; and the arts, arts education and culture, according to Sande Deitch, the Executive Director of the Foundation.

Given both Bayer’s tradition of civic involvement and its focus on science and education, and Bidwell’s template for corporate engagement, the ground was fertile for a rich relationship. While the initial contact was accidental and the original relationship modeled after the Bidwell/TCF training program, it has since evolved into a partnership that extends far beyond job training and continues to capitalize on opportunity. Bidwell and Bayer worked together to define and shape the relationship model, and given their initial success, then moved on to both replicate and expand upon the model.

Stage I: Defining the Model

Peter Benzing of Bayer recounted the beginning of the relationship. “Accidents happen. In November 1989, I sat next to a woman and we were talking about job creation. She said, ‘Have you heard of the Bidwell training center?’ and I said, ‘Never heard of it.’ So, she arranged a visit and I talked to Bill Strickland for a half an hour about his philosophy of job training.”
He and Bill Strickland met on December 21, 1989, and Peter was immediately convinced that Bayer and Bidwell had important work to do together. Peter was intimately aware of Bayer’s hiring patterns and the challenges of hiring lab technicians. Pittsburgh had undergone substantial change in its industrial base, but the labor force had not kept pace with the changes. Discovering Bidwell’s proven record of providing customized job training for various companies in the Pittsburgh area, Benzing saw a solution to Bayer’s hiring challenges. He saw that entry-level lab tech training could provide a direct route to hiring some of the most able dislocated and disadvantaged workers who had asked Allegheny County and The Private Industry Council for help with retraining. In effect, there was a clear congruency of needs and capabilities between the company and the nonprofit.

Peter invited, Dick White, a friend and vice-president at Bayer, to visit Bidwell. White, too, was immediately convinced that this was something important to do. However, rather than seeing this as simply a Bayer opportunity, he defined this as a larger industry issue warranting a broader collaboration coalition. Strickland enlisted the support of a strong county commissioner, Tom Forester, a friend of Bidwell’s, to join White to co-sign a letter to 25 companies announcing a program to train chemical technicians and requesting support in developing the program. Seven of the companies, including PPG Industries, Alcoa, Aristech Chemical, Calgon Carbon, Neville Chemical Company, Indspec Chemical Corporation, and Fisher Scientific, agreed to work with Bayer to develop the program. PPG, another chemical company in the area, donated an employee who had some teaching experience to serve as the course instructor. Thus, Bayer played the entrepreneurial role of tapping into its larger network to create a multiparty alliance. The businesses defined this training as a collaboration arena rather than territory for competition.

In May 1990, in collaboration with the Pittsburgh Private Industry Council (PIC) and Bidwell, the company representatives began meeting on a regular basis to plan the chemical lab tech training program. This group, the Advisory Committee, explored the demand for lab techs, identified internship opportunities, secured funding, and oversaw the curriculum design. A PIC representative worked with lab tech supervisors to develop the curriculum. Strickland noted that successful training is not difficult, but it requires hands-on involvement of operators, not personnel staff, for curriculum development. By the middle of the Fall of 1990, the group had recruited and tested trainees, secured internship opportunities with the participating companies, and developed a year-long, hands-on training program.

The forty-nine week course of instruction spans the fundamentals of atomic and molecular structure; ionic and covalent bonding; types of chemical reactions and their symbolic notation; and principles of chemical measurement safety. The objective was to place these well-trained graduates in the chemical and scientific industries. The program was supported by a $76,500 grant from the Ben Franklin Technology Center of Western Pennsylvania, $11,600 grant from the Spectroscopy Society of Pittsburgh, $16,700 from Bayer Corporation, and the loan of a Senior Research Chemist from PPG for teaching.
and management purposes for 2 years.

A year later, sixteen students graduated from the program. Bidwell has continued to offer the program. “We’ve graduated well over a hundred. It is an ongoing program. The people find jobs. The program is now well-known and the quality of the graduates is well-known so they are very much in demand,” explained Benzing.

**Stage II: Replicating the Model**

The success of the tech training program peaked the interest of many, from the State House to corporate boardrooms. The State embraced it as their model training program and Bidwell receives appropriation directly from the State. Strickland tells the story of engaging State leadership.

The majority leader of the Pennsylvania House of Representatives is a white Republican from a white working class history, kind of an Archie Bunker type. He came to Bidwell, and I gave him the same tour as anybody else. At the end of the tour he said, “This is a hell of a program. This is extraordinary.” I said, “Well, the problem, Mr. Leader, is I can’t find any money to run it, as strange as that may sound. I have outstripped my funding. Government programs are not designed to do what you see going on here. And I’m down to my last nickel.” He says, “Well, we’ll see about that. I don’t think so.” And the long and short of it is that he has embraced this program, and gotten the Appropriations Committee to embrace this program. And so, now they’ve got their model training program. So, we got appropriation from the state directly. The only job training center in Pennsylvania where that happened.

And the deal is that they want us to consider replicating the model. That’s the quid pro quo. And the Appropriations Committee had their hearings at Bidwell. That’s the first time in the history of the state that that’s ever happened.

Given the success of the chemical technician training program, the advisory committee has identified additional training needs facing Pittsburgh-area corporations. Bidwell and Bayer are currently in the process of building support among area corporations for two new programs — chemical process technicians and polymer technicians. Both are very specialized, high-skilled jobs, yet there are very few schools that train technicians for these occupations. The training for these two programs will require more capital investment than for the chemical technician program — approximately a million dollars in equipment and another million or two for the building — to do the hands-on training that has proved to be so successful.

Bidwell is collaborating with other academic institutions to develop the programs. Dow and BASF have worked with a community college in Texas to put together a training program for process technicians. Benzing and Strickland recently visited Penn
State Erie about the potential of working with them to develop the polymer technician program. Both institutions have been extremely helpful in determining equipment needs, instructional processes, and curriculum design.

**Stage III: Broadening the Model**

At the same time that they were replicating the model, Bidwell and Bayer were also expanding the breadth and depth of their relationship. “All these other commercial opportunities begin to migrate out of the relationship,” noted Benzing.

**Agfa Project**

Peter and Bill realized that the potential for "organizational touch points" existed beyond the chemical technician training program. As they learned more about each other's organizations, they began to capitalize on opportunities. Benzing introduced the Connie Weiss, the president of Bayer, USA, to Bidwell, who in turn brought in Agfa, a Bayer subsidiary, to work with the photography program at the Manchester Craftsmen Guild. Agfa is the imaging technology arm of Bayer, and the Guild is a "sister" organization to Bidwell founded by Bill that provides arts programs for disadvantaged youth. Agfa has provided film and paper to the photography program. The Bayer Foundation also became engaged in this project and awarded a $50,000 grant over five years — $10,000 a year. Unfortunately, other than the money, for the last two or three years there has not been much of a connection. According to Bayer executives, the relationship has not blossomed because the project sponsors have left Bayer. This highlights the centrality of individuals to the viability of specific undertakings, which is the nature of entrepreneurial endeavors.

**CD Project**

Bidwell, Bayer and Sony have collaborated to produce three CD's, one of which is a Grammy award winner. Bill recounts the genesis of the project.

We were at the plant and they took us over and showed us a laboratory that shows how Bayer uses its polycarbonate resin to make CD’s. I’m thinking, “These guys got resin, I got music. There is a deal here someplace.” I proposed that we take some of their plastic and put some of our music on it and see what would happen. Well, the long and short of the story is that we have three CD's out on the street. The first one that we made was a compilation of ten songs donated by the artists, including Dizzie Gillespie, entitled “Our New Home” in celebration of our new building.

Given its connections in the music industry, Bidwell sent the recording to PBS and it quickly made the top twenty. Then the Count Basie Band came to town and, recalls Bill, "the guys were so taken by this whole place that the band agreed to donate the whole concert as a way of giving a little something back to the community.” In its state-of-the-art auditorium, Bidwell recorded the concert and pressed it into a CD that won a Grammy. "Here is this high-tech company partnering with a black and white community..."
based organization and winning a Grammy award for recording the Count Basie Orchestra," emphasized Strickland. "Now, marketing people kill for opportunities like that. Our names were mentioned in every important newspaper in the United States of America, including the New York Times, Chicago Tribune, L.A. Times, and the Detroit Free Press. There’s a partnership that is made in heaven.”

Sony played an important role in this collaboration, as they produced and distributed the CD’s. Sony's involvement is of particular interest because it not only fueled this project, but it also strengthened Bayer's supplier relationship with Sony. Historically, Bayer has been a minority supplier of polycarbonate resin to Sony for production of CD’s. Bayer was interested in generating more business with Sony, and their relationship with Bidwell gave them an opportunity to enhance their position with Sony. With Bidwell, Bayer brought not only resin to the table, but also a state-of-the-art recording venue and relationships with the leading jazz musicians in the country. "This deal gave us access to some people," recalls a Bayer executive. "We still had to do all the normal things that you have to do and provide a quality product at the right price. But I think it did help to form a corporate relationship and that’s often the most difficult part of the job." This collaboration was particularly high payoff because both parties were deploying their core capabilities and combining them to produce joint benefits that otherwise would not have been attainable.

Bill tells the story of how Scott Bartlett at Sony got "literally roped in.”

He didn’t even know what he was walking into. He showed up here from New York for a press conference that we called to announce this partnership. He walked in the door and said, “I don’t even know who you are, Mister. What is this?” And I said, “Well, it’s all right just come along.” He was very, very reticent to make any statement. By the time he was finished that day, he said, “I’ll be back.” He’s now a convert. It was all arms length when he walked in the door and now he’s marketing the place and he’s a good friend.”

This highlights the power of direct exposure to the nonprofit’s operations and its people as a motivating factor. There was a personal connection that triggered engagement beyond a simple promotional or commercial encounter.

Though Bayer is still a minority supplier, Bayer’s business with Sony has increased. While difficult to attribute directly to this collaboration, Bayer executives believe that it has contributed to an enhanced relationship with Sony.

**Planned Greenhouse Project**

Bill is currently planning to build a greenhouse to produce hydroponic food and once again, has enlisted support from the State House. The following story about Senator Santor (sp), the junior Senator from Pennsylvania, highlights Bill's skill in engaging partners by creating win-win opportunities.
I said, “Well, I figured out a way to get you in the left-hand column of *The Wall Street Journal.*” And he kind of smiled and he said, “How are you going to do that?” I said, “Well, you think this is a pretty remarkable place and I agree with you. You’re a junior Senator and you want to make a name for yourself. Well, I’m going to create a high-tech greenhouse across the street and I’m going to use some Bayer polymer. We’re going to do hydroponic food propagation in a black neighborhood with the plastic created by a Fortune 500 company. And it’s going to work. And I understand you’re on the Agricultural Committee, is that right?” He said, “Yeah, I’m on the Agricultural Committee.” So, I just handed you a demonstration project to get your name in *The Wall Street Journal.* He said, “You know what? You’re right.” I said, “Of course I’m right.” We’ve got technology, we have enterprise, we have agriculture in the inner city, we’ve got education. It’s all of the right buttons. I’m black, you’re white, we’re both Republicans. They’ll put us in *The Journal.* It will be a great story. We’ll go on the *NBC Nightly News.* But you’ve got to get together the money to build a greenhouse. That’s the deal.

The Senator has succeeded in placing the project in an Appropriations Bill, and theoretically, once the bill has passed, Bidwell will start building the greenhouse. The greenhouse will happen regardless of Bayer, though Bayer plans to help it along by providing expertise and materials. Bayer has an agricultural chemicals division and Bill and Peter have already established relations with the division. Peter also anticipates that the plastics division will become involved. "The greenhouse obviously needs light – materials that let light through, so plastics are a clear possibility.”

**CD Collection Deal**

Bill is also investigating the possibility of forming a commercial relationship to distribute Bidwell's priceless collection of jazz recordings.

I have 400 recordings sitting upstairs. We have the most important collection of contemporary jazz in the world. Nobody has got the collection that we have. Not Sony, not A & M, not Verve, not anybody. They’ve got individual artists, but I’ve got all of them. And the collection is priceless — Dizzy Gillespie’s last quartet concert before he died, Jerry Mulligan, and others—you can’t put a price on any of them. I’m formally talking with a group that is quite serious with forming a commercial relationship with this operation, which ends up potentially making a ton of money that comes back to support the school. Here Bayer creates this opportunity with their plastic. They sell a little more plastic, they get a lot more visibility. We get a product that we can take to the marketplace to regenerate money to support the school. Everybody wins - you close the ceremony. That’s the way it’s supposed to work.

It is clear that new and innovative ideas will continue to emanate from this relationship, as was exemplified during the research interviews. As the Bayer-Bidwell
team discussed the CD project, Sande Deitch, the Bayer Foundation director, jumped in, "Well, Bill, you don’t know about this. I have a contact at the Kennedy Center, and they asked me to press a CD for women in Jazz series. And I went to Lee Nevil and he agreed to do it and then I was going to talk to you about bringing these women here.” Without hesitation, Bill responded, "I like it. Done!"

ALLIANCE DRIVERS

The strength of this relationship is driven by a number of factors, including strategic fit, an entrepreneurial environment, top leadership vision and support, personal connections and relationships, value creation, and a broad network of alliances.

Strategic Alignment

The strategic alignment between Bayer and Bidwell is evident on a number of levels. First, the partnership allows Bayer to "walk the talk" of their vision, values and beliefs about getting involved in the community. Second, the two organizations share an interest in the synergies between art and science. Third, the partnership supports both Bayer's core business goals and Bidwell's goal to provide marketable skills training to the "under-resourced.” Bayer executives credited Sande for redirecting the foundation and identifying areas that benefit not only the community, but also the corporation.

A Bayer executive stressed the importance of fit. "You need to be invested in something that has to do with your business. With a partnership like this, you need to have a two-way street. You need to be able to give and to get. For example, we’re a science-based company. It makes business sense for us to support science education. Sometimes businesses get involved in things that are so far-fetched that they’re mainly public relations programs. Now it’s not that we don’t get good public relations from being involved, but we have a core reason to be involved.” Sande added her perspective. "I always say that Bayer’s not in the business to give money away. We’re in the business to make money - so when you have a relationship that is supportive of our business goals, which this is, it’s a natural."

Finally, unlike many nonprofits, Bidwell shares Bayer's market orientation. Peter explained his attraction to Bidwell. "The fundamental thing that attracted me to the outfit was that it was completely market oriented. It didn’t do any training if there were no jobs. The objective was to get people jobs and if there is no job, there is no point in training people. And in fact Bill had a history and has demonstrated that when a training program has run out of a market, he will stop the program for a year, two years, whatever - and then start it again when the market comes back. So, that appealed to my corporate sense of market orientation.” Bidwell has been successful in building partnerships with a number of corporations because Bill understands how to find a market and "make himself relevant."
Entrepreneurial Environment

The entrepreneurial spirit at both Bayer and Bidwell has been a driving force in generating ideas and sustaining the partnership. Executives at both organizations touted a management culture and corporate philosophy at Bayer that encourages and sustains individual innovation. "This is not a top down thing. It isn’t that the corporation strategically planned all these things. What happened is that individuals took initiative in an environment in which the company empowers employees to do the right things and they are inspired by this organization (Bidwell) here. Things just happen," emphasized a Bayer executive. Benzing added, "It’s not a bureaucracy. It starts with an individual or several individuals seeing an opportunity, acting on it, and bringing it up to their superiors. The company philosophy encourages that kind of thing. The vice presidents and the people in power say, “Yeah, we want to support this.” And it gives those people who are directly involved the freedom and satisfaction of doing something that is also supported by their superiors."

Strickland has also created an environment that fosters innovation. "What I have come to understand is the chemical reaction. I understand how to put the ingredients together in such a way that it produces this kind of reaction. My whole theory of management is if you get enough bright people in one place and you let them be bright, they will be. You don’t own the bureaucracy and task forces and study groups. If you keep things focused, people will want to work with you."

As the partnership pursues new projects, Bayer and Bidwell are insistent on maintaining the entrepreneurial nature of the relationship. A Bayer executive commented on the importance of finding the appropriate employees to engage in the Greenhouse project. "It all depends on finding the right people in the agriculture division, who say, “Oh, we’ll take this on. And “We will have the ideas.” I can’t tell you or them or Bill what the ideas will be. It has to come from the people who are involved."

Top Leadership Vision and Support

Bill and Peter have been driving forces in developing this relationship. To his credit, Peter also recognized the need to engage Bayer's senior leadership. He brought Connie Weiss, president of Bayer, USA, to visit Bidwell. Recalls Peter, "I knew he was interested in different approaches and he caught on immediately, too. He saw the same things that I had seen and that other business leaders had seen and became a strong supporter.” With Weiss' support the relationship has broadened as he has introduced other Bayer divisions, such as Agfa and agriculture, to Bidwell.

Strickland's impact on the partnership cannot be underestimated. "Bill is a person of vision," emphasized Sande. "He not only has vision, but he also has the energy to make things happen. He could have left here many times but did not because he knew he had a job to do here. I've always admired that as well. Through his personal example, he motivates a lot of people and certainly has motivated me."
**Personal Connection & Relationships**

"The whole story is the story of people working with their friends," stressed Peter. Sande added, "It's about people and making things happen, definitely. It's not always about cash. Money doesn’t do any work and doesn’t have any ideas. You have to have people."

The partnership has staying power because of the personal relationships that have been developed. These relationships are established because of personal interest in and connection to Bidwell. "The method is to bring people in here and have them convince themselves.” Visitors to Bidwell eat a gourmet lunch prepared by students in the culinary program, observe students in a travel agent program learning real-time on a computerized reservation system, view the pharmacy used in the pharmacy tech training program, see the state-of-the-art auditorium and recording equipment, and feel the spirit. A Bayer executive commented on the experience of touring Bidwell. "Once you see this facility and meet the people here, it’s infectious. You just want to be involved. And we’re a little bit selfish, in that we get something out of it too. Enlightened self-interest, we call it."

There are numerous examples of visitors turned converts. At the end of his tour, Senator Purcell exclaimed, “This is a hell of a program. This is extraordinary.” Scott Bartlett from Sony came to Bidwell at arm's length, and left as a friend. "This is a pretty interesting place. I’ll be back.” People enter into the relationship because of the spirit of the program; the relationship is sustained because of the friendships formed.

**Value Creation**

The sustainability of any relationship is based upon a balanced transfer of value between partners, and ultimately, on the value created by the partnership. As Bidwell and Bayer develop their relationship, the value exchange and creation increases. The incentive to drive the collaboration forward increases as the value multiplies, thus creating a reinforcing cycle of value exchange and creation. As a Bayer executive explained, "It’s enlightened self-interest. We’re getting our product pressed; we’re getting chemical people to work in our labs. So it’s not just philanthropy, it’s partnership.”

The value exchange between Bayer and Bidwell is abundant. Bayer, and its associated network of Pittsburgh-area corporations, has provided many assets to the partnership, including an instructor (paid by PPG for two years), operators to assist with curriculum design, internship opportunities, corporate contacts, and credibility to the Bidwell training program. To the CD project, Bayer has provided resin and access to Sony.

In turn, Bidwell provides many benefits to Bayer. Bidwell provides an avenue for Bayer to meet its community involvement goals. Through its work in the inner city, Bidwell also helps Bayer to meet its affirmative action goals. A Bayer executive
commented on the value of access to the population that Bidwell serves. "There’s a lot of talk about affirmative action — should we have affirmative action or shouldn’t we? Should there be a law for it, and so forth. Bayer is really interested in giving opportunity to people regardless of color, creed, background, what have you. But we also want to have the best people. By supporting Bidwell we can get good minority people. You can see a big change in the composition of our workforce. And the different life experience people bring really contributes to the quality of what we do. So yes, it’s a good social thing to provide jobs for people from the minority community, but we also get something.” Bidwell has also provided Bayer with access to new networks. Bayer has been able to strengthen its relations with Sony because of Bidwell's access to the jazz musician community.

The combining of the core competencies of Bidwell and Bayer has resulted in the creation of new value. The chemical technician training program, created by a value exchange between the two organizations, has produced both jobs for Bidwell's target population and highly-skilled technicians for Bayer. The CD's have resulted in increased visibility for both organizations, an enhanced position as a supplier to Sony for Bayer, and products that can generate revenue in the marketplace to support Bidwell. There is not doubt that the value exchange and creation will continue to increase, as will the depth and breadth of the Bayer/Bidwell partnership.

**Broad Network of Alliances**

Building a strong network of alliances has been important not only in gaining credibility and bringing in new partners, but also in sustaining the partnership between Bayer and Bidwell. A Bayer executive reflected on the importance of building alliances across the industry. "Through these initiatives there’s collaboration among competitors. Everybody leaves the guns at the front door. We're working with competitors who normally would be competing for labor, to solve a problem together. And that’s something that’s probably new. Or it’s just emerging."

Another Bayer executive continued. "I don't think you can be in a proprietary partnership. The important part of entering into a partnership is the idea that the partnership will broaden. I can remember being at Bayer at the very beginning, and somebody said to me, “Well, why would we partner with Dow? They’re a competitor.” I said, “But you know what? We have common interests — in growing the market and in developing an educated workforce. None of the companies can do that by themselves. But if we join together, we can. We should be looking for other partners who can support our ideas, and we support their ideas.” And that has proven to be the best way to really institutionalize a program. We’re not going to just come in here and train people for our business. We have all these companies who are involved."

The power of collaboration has proved useful in garnering additional support from government officials and corporate leaders. As a Bayer executive explained, "You have so much more influence if you collaborate. How can they not listen to Hewlett
Packard, Merck, Bayer, Dow — about saying this program should be funded. You've got some clout in collaboration.

ALLIANCE CHALLENGES

Bidwell and Bayer have made substantial progress along the alliance engagement continuum, though not without obstacles to overcome. Three areas posed major challenges to Bidwell and Bayer as they have developed their collaboration: securing project champions, engaging other partners, and institutionalizing the partnership across the organizations.

Project Champions

With a project champion, a project thrives; without it, it may fade. Several of Bayer and Bidwell's attempts to collaborate have not had sustaining power because the project sponsors are no longer around. Bayer executives are the first to admit that the Agfa project has not lived up to expectations. Peter noted, "that connection hasn't done all that well — we need to rejuvenate it. The people who were enthusiastic and a part of it left the company. There are some thoughts to get that back. We need to get it back. We need to get some AGFA people in here (to visit Bidwell). The method is to bring people in here and have them convince themselves."

Another area that has not really developed is ceramics. The ceramics program is the cornerstone of the Manchester Craftsmen Guild, and Bayer has a division that makes glazes for ceramics. The ceramics division president was interested in establishing a connection, but the person who was going to be the sponsor left the company. Without a champion to see it through, the project has yet to get off the ground.

Peter commented on the importance of sponsorship. "I think you have to pass the torch. People are key. If I left there, I would want to make sure that somebody would be interested in carrying on the legacy. I don't think you work this hard at establishing good partnerships and not want them to continue. You have to pass the torch — it's a people-oriented thing."

Engaging other Partners

Given the magnitude of their projects, both Bayer and Bidwell have recognized that they cannot achieve their ambitious objectives alone — they need the support of other companies and the government. With the chemical technician program, Bayer was the lead company, but realized the need to have other companies join them. Bayer and Bidwell are currently in the process to get sufficient support from other companies to mount the chemical process technician and polymer technician programs. Peter commented on the importance of engaging other partners. "We think that the building can be financed with government help — the relationship that Bill has established with the legislature will help here. But we will not do it unless we have sufficient industry support in terms of writing the curriculum, participating on the advisory committees, and making
room for internships. All of those things – we need active participation from the industry. And Bayer alone can’t do that. So the challenge is to get others activated to do that."

Sande noted that Bayer engages other partners not only to start programs, but also to ensure sustainability. The Bayer Foundation started a science education program and currently has twenty foundations and corporations involved with the initiative. Sande explained, "We always feel that we need to have partnerships when we start a program because, if you don’t, and if Bayer were to hit on hard times or decide to change, then what you started would not continue."

**Institutionalization**

The Bayer/Bidwell partnership has flourished because of the leadership of Bill and Peter. The challenge remains to institutionalize the partnership such that individuals across both organizations embrace it.

Bayer executives noted that beyond those employees that are directly involved with Bidwell, few are cognizant of the relationship. Sande explained, "We do have many, many employees, but we need to talk about it. I would say it falls in the category of, “Oh, I’ve heard of that.”

Peter believes that Bayer has made progress in institutionalizing the relationship. Bidwell and Bayer executives alike pointed to Peter as the core. Peter was quick to refute, "enough other people in the corporation have taken a significant interest in it that, if I drop dead today, this will continue. I don’t think there’s any question about it. There are enough people now that have taken an interest and are actively supporting Bidwell."

**CONCLUSION**

Since an accidental meeting in 1989, the Bidwell Training Center and Bayer Corporation have formed a powerful partnership that has produced a series of innovative initiatives. Building on the Bidwell market-driven training model, Bayer and Bidwell have successfully built a technician training program, as well as replicated and expanded upon this model. The success of the relationship has been driven by the strong strategic fit, an entrepreneurial environment, top leadership vision and support, personal connection and relationships, value creation, and a broad network of alliances. The relationship has not been without challenges, including securing and maintaining project champions, engaging other partners, and institutionalizing the partnership. Despite the challenges, this relationship is destined for a bright future given past success, the vision of its leaders and a healthy entrepreneurial spirit.
OVERVIEW OF RELATIONSHIP

Jumpstart is a Boston-based non-profit, community service organization that focuses on school readiness programs for young children. Formed in 19__, it brings together children, parents, and college students as tutors (recruited from their partnership with AmeriCorps, the national service corps). Jumpstart has been involved in strategic partnerships with other organizations, both non-profit and for-profit, to support and promote its service goals and activities. This report focuses on Jumpstart’s relatively recent collaboration with Pittsburgh-headquartered American Eagle Outfitters (AEO), which markets a line of clothing for young adults. AEO, too, has been and is involved in other philanthropic investments, but the scope and level of commitment to the Jumpstart partnership is a new kind of venture for them. This joint enterprise began in 1997, in a rather accidental encounter and with a modest donation of T-shirts. George Kolber, CEO of American Eagle, recalled, “We started with Jumpstart in a really small way. We didn’t know where we were going to go with this. We didn’t have any long-term strategic plans.” The relationship developed rapidly and deeply, such that by September 1998 Kolber asserted, “I don’t think that we will be in any such deep a program with anyone else other than Jumpstart because it just fits our organization.”

EVOLUTIONARY DYNAMICS

Cross-sectoral relationships can evolve along the “Collaboration Engagement Continuum” at quite different paces, and the Jumpstart-AEO alliance is particularly notable for the rapidity with which the alliance developed. They accelerated through the philanthropic stage and moved deeply into the resource exchange stage, and have beginning elements of the organizational integration phase as they face the opportunity of scaling-up to a national level. Of particular interest to our inquiry will be identifying those factors that have created a dynamic that enabled these partners’ alliance to develop so rapidly and richly.

One underlying factor worth noting was that this alliance was building on the experience and knowledge of other cross-sectoral collaborations. In particular, Jumpstart consciously used the City Year & Timberland partnership as a model. This gave the Jumpstart CEO, Aaron Lieberman, a vision of the possibilities of such alliances and an understanding of some of the elements contributing to a healthy partnership. By building on others’ experiences, this “second-generation” alliance was able to leapfrog much of the time-consuming discovery process of its predecessors.

12 Appreciation is expressed to Arthur McCaffrey who played the primary role in preparing this case study.
Stage I: Matching Up and Starting Off

The “Alliance Marketplace” is very imperfect. Information on potential partners and mechanisms for connecting them are lacking. Consequently, encounters are often circumstantial. Lieberman stressed the role of serendipity and luck in bringing him together with the CEO of AEO, George Kolber, in October of 1997. American Eagle just “happened” to be sponsoring a social service award in New York for which Lieberman was a finalist. He was lucky enough to meet Kolber backstage, and from there “we moved from the accidental to the strategic,” says Lieberman. This encounter between the two CEOs was to pave the way for the kind of top-down cooperation that was to grease the skids of the collaboration throughout the following year. However, prior experience, stage of development, and distinctive organizational characteristics created a unique amalgam of attractive features and readiness to partner on both sides of the collaboration. Timing, preparedness, and personal initiative were key factors that enabled Jumpstart to get off to a fast start in initiating its collaboration with AEO. Opportunities are capitalized on by those who are prepared to seize them.

If Jumpstart was opportunistic, American Eagle was “ripe” for the right kind of partner to fulfill a corporate goal of diversity and social engagement, in ways that would expose the company, involve employees in community service, and do some social good. They had already been involved in other charitable ventures before they encountered Jumpstart, and had donated cash or goods to various worthwhile causes. Jumpstart came across its path at a time when AEO was in the process of re-evaluating just where to target their social investments, where "to get the biggest bang for the buck." The company had lots of supplicants seeking its support and so was asking, as Kolber put it, “Who is the right organization for us?” Jumpstart’s mission of educating underprivileged young children struck a chord at all levels in AEO— with the CEO and with the executive committee, who had already sponsored the MTV award for Lieberman, and thus had done “due diligence” on the organization. Kolber indicated additionally, “Nobody criticizes education and children. It’s not political.” The focus on this noncontroversial topic promised to readily attract wide support in the company. Employees had already demonstrated high interest in community volunteerism through their efforts in the company-sponsored Grand Forks disaster relief project. Jumpstart’s mentoring activities held potential for employee volunteer service opportunities. Additionally, AEO was striving to create more diversity in its workforce and so Jumpstart’s inner-city focus was reinforcing of that.

On Jumpstart's side, Lieberman correctly sensed that AEO was initially motivated to get involved in some kind of community service project, while Jumpstart were actively seeking to build a relationship with a corporate partner that would be very similar to the Timberland/CityYear partnership. Lieberman had done his homework and was prepared to make his pitch to anyone who would listen—and AEO was a very receptive audience. As the Jumpstart VP Hutchison puts it: Like all good relationships I think that Jumpstart had something very powerful to offer AE and AE saw that right away. We worked with a constituency that they care very much about as consumers, the 18 to 35 year olds [the age
group of the AmeriCorps college volunteers]. And we were also able to bring them access to people and promotional opportunities that they could not get any other place.”

Further, Lieberman knew that the two organizations were just going to click after he read a statement in the AE annual Report describing their “ideal customer” as someone who “is socially conscious, but practical,” in the sense of being concerned about practical ways of improving the world. That written evidence backed by AEO’s sponsorship of the MTV award indicated value and mission congruency between the two organizations. In effect, Lieberman did his due diligence on AEO. Given this kind of overlap in target constituencies for the two organizations, there was enough resonance between business and social goals to make the case for alignment of activities in ways that would positively impact the bottom line for each other.

Lieberman's instincts proved to be correct. Kolber reports that Jumpstart brought to the table so many things that AEO wanted to be connected with at the right time: their inner-city engagement, their educational program focus, their use of a target consumer group (college students) as tutors and mentors. "I didn't go seeking out Jumpstart, but when it fell into my lap, I identified it immediately as being something that was good and that the whole organization thought was good. After we had a full understanding of it, we just embraced it.” His later personal interaction with Lieberman only helped enhance something that was a good fit right from the beginning.

One additional factor that facilitated this match up was the clarity of vision and articulateness of both Lieberman and Kolber on the conceptions of what their roles ought to be in business, in community, and in society. For example, Kolber articulates well-defined ideas about what kind of company he wants AE) to be, what kinds of social causes they want to support, and what kinds of partners make sense for them in such enterprises. Lieberman is very clear, articulate, honest and consistent about Jumpstart’s mission and goals. He projects strongly the values of service, remedial intervention and social change that his organization is committed to uphold and practice. He also is very sane about the pragmatics of achieving those goals and the necessity of viable commercial partnerships— so long as any partnership does not compromise the values of Jumpstart. So Lieberman projects a very clear, strong, ethical voice for Jumpstart as part of their solicitation to potential. This mutual clarity facilitated the partner creation process by making more identifiable the areas of mission and values overlap. Such transparency would be equally useful in deciding whom you should not partner with.

Jumpstart has gone through the typical early stages of collaborating with a commercial company by first getting free clothing (T-shirts), then “upping the commitment” by asking for cash contributions. But they have progressed quickly beyond the “handout” stage as they sought to both broaden and deepen the relationship.
Stage II: Progressive Engagement and Resource Exchange

After the initial encounter, several more events and interactions during 1997-98 enabled the two organizations to get to know each other better, feel more confident in the potential of the alliance, and discover new ways to produce mutual benefits. A meeting in 1998 between AEO officers and the Jumpstart executive team broadened the personal interaction and relationships beyond the CEOs to a larger leadership cadre. Lieberman and Hutchison made a very successful formal presentation to AE’s leadership team about how they could jointly build on what’s already been done, and take the partnership to the next level (see Exhibit 1 for presentation slides).

After returning from their very successful presentation to AEO management in Pittsburgh, Lieberman continued to actively nurture the relationship by having the Timberland CEO provide some third party advocacy for their cause via a phone call from Swartz to Kolber. Lieberman thinks the two CEOs “really hit it off”, and Swartz shared his experience with the CityYear collaboration and how it had provided another opportunity for community service involvement and commitment for Timberland staff. Lieberman pointed to the benefits from this level of interaction between the AEO and Timberland CEOs as a reversal of the usual business practice of hiding competitive practices that might be proprietary. On the contrary, he reports that Swartz’s attitude was one of wide openness and sharing of lessons learned from his experience of partnering with a social change agent like CityYear, “...because what we’re all trying to do is change the world.” Interestingly enough, Kolber reports that he has kept in touch with Swartz and will soon be having discussions with him about how AEO and Timberland might work together on dealing with other inner city problems. In effect, Kobler was able to learn from the Timberland-City Year experience, and thus he and Lieberman were working off the same model in building their own alliance.

In June 1998 Jumpstart was able to get AEO involved in a national forum on education in Washington, D.C. In effect, Jumpstart was providing AEO access to its network. This was done in such a way as to put the spotlight on the AEO/Jumpstart involvement in front of national political and corporate leaders, which helped to further cement the relationship. The context and audience (other “socially conscious” businesses) for this event further served to “legitimate” the kind of joint partnership that Jumpstart was trying to promote with AEO.

Also in conjunction with the National Forum on Education, Lieberman arranged for Kolber to attend a reception given by another of Jumpstart’s partners, Hale & Dorr attorneys of Boston. The event included a series of roundtables on strategic corporate partnerships and social change and was, in Lieberman’s estimation, “a world class event”. This event was another positive step in the progressive engagement between the two partners. The forum represented a public dialogue among major players about the business of how to make such corporate/non-profit partnerships work. It provided a public reinforcing and re-affirming context, among peers, for the kinds of joint enterprises that Jumpstart and AEO were discussing privately. Lieberman felt that by exposing Kolber to this debate it would tighten the bonds between the two companies,
deepen Kolber’s personal investment in the success of Jumpstart, and also demonstrate just how serious Jumpstart was about the relationship.

It was helpful for Kolber to hear from other corporate partners of Jumpstart (like Hale & Dorr) how other partnerships were working, during the roundtable presentations. So this gave Kolber an opportunity to hear, and also be heard, about what it took to make these kinds of collaborations work. Kolber was able to contribute his story to the roundtable debate (impressively so, according to Lieberman!) about AEO’s involvement with Jumpstart. In one sense the event was like the converted preaching to the converted, but as a novel experience for Kolber it was very reinforcing, and helped deepen his commitment personally, as well as that of the other partners at the forum in general.

So peer reinforcement, and value exchange and affirmation were all factors at work here in this process of progressive encounter and engagement. This public, high-level forum in Washington, in which Jumpstart and AEO both interacted, resembled an “alliance laboratory” where all participants shared how they had learned (or were learning) how to effectively manage such new social enterprises alliances.

While the foregoing actions tightened the relationship, the nature of the interchange also advanced. Instead of just continuing in the initial charitable mode of providing some T-shirts to the preschoolers, AEO proposed that the mentors, too, have T-shirts and that throughout the year caps and other apparel be added so that the mentors and mentees would identify and bond even more with each other. By making the program even more visible, you could create pride in the activity and remove any stigma attached to remedial education. In effect, AEO was using its core competencies and products to enhance Jumpstart’s mentoring program effectiveness. An ancillary benefit accruing to AEO was greater corporate visibility through the wider use of its branded clothing. The uniform also enhanced Jumpstart’s visibility and identity. This is similar to the effect of Timberland’s being the supplier of City Year’s uniforms. The resource exchange was increasing and two-way.

For Lieberman’s VP of Development, Dawn Hutchison, the relationship is now in a post-cash phase “...and now it’s about other things that we need to grow, professional advice, mentoring, support, ...access to new markets...etc.” Likewise for AE, the kind of partnering they have embarked upon with Jumpstart differs from their other previous and current philanthropic ventures in being more strategic and longer-term. The progress on collaborative undertakings and the good personal relationship that had developed between Lieberman and Kolber emboldened Jumpstart to ask AEO for a $200,000 cash commitment to enable Jumpstart to implement its strategy for creating a national network for Jumpstart programs. AOE’s positive response to this request encouraged Lieberman and Hutchison to probe further into other avenues of strategic partnering that would both make good business sense for AEO and further mutual social goals.
Stage III: Scaling-Up and Organizational Integration

As of September 1998 the alliance appeared to be moving to another level both in terms of scale and scope of engagement, and strategic importance. Jumpstart’s strategy is to scale-up into a national network and AEO seem receptive to playing the role of lead sponsor in that effort. This is congruent with the company’s own national expansion strategy. Kolber indicated, “Jumpstart is getting an organization that can help them grow. We’re in a lot of cities. They’re, hopefully, going to be in a lot of cities. We’re going to stand behind them. I’ve already started networking with other businesses. We have a sister company in Columbus and they’ve already jumped on the Jumpstart bandwagon. And we can talk to suppliers. We can provide marketing services and some creativity that they haven’t had in the past. It’s not only giving cash, not only merchandise. We have the ability to provide a lot of different services, a lot of different thinking, and a lot of networking.”

The organizations are also becoming closer in their interactions. The personal encounters between the two CEOs are evolving into a "mutual mentoring." Lieberman's proposals for further involvement would be met with counter-proposals from Kolber for making the enterprise work better. Each appeared to use one-on-one encounters to “tutor” the other on the philosophy and pragmatics of their joint enterprise—particularly the importance of "results." Kolber would emphasize the contingent connection between corporate commitment and program performance by Jumpstart, by exhorting Lieberman: "As long as you continue to succeed and you can show the results," support is forthcoming. In effect, with increasing resource commitment comes increasing accountability. The relationship moves to an “equity investment” joint venture where dividends in the form of high performance are expected.

The joining of the organizations is seen as encompassing more than just the CEO team. Kolber envisions that the Jumpstart mentors “would be good ambassadors for American Eagle, tell their friends that it is a good company and that it supports Jumpstart. We want to appear positive in the eyes of the consuming public. It’s nice to be nice; it’s also nice to be known to be nice. And we don’t want to do this anonymously. We want people to know that we’re good citizens.” Lieberman, similarly, says, “We are unabashed about saying we are working to help build a better AE brand,” and he hopes that AEO will be likewise unabashed about saying, “we’re working to build a better Jumpstart brand.” Kobler concurs, “If you’re going to be committed fully, that means you have to use your networking abilities and do things to promote. You have to be the ambassador for Jumpstart.”

Although Jumpstart and AEO are just entering this next level of engagement, they have reached it in a very short period. The trajectory promises to take them rapidly into deeper, richer, and more complicated collaboration.
ALLIANCE DRIVERS

The experience to date suggests that the driving forces that have energized the rapid development of this alliance are (a) Alignment of Strategy, Mission, and Values, (b) Personal Connection and Relationships, (c) and Value Creation.

**Strategy, Mission, and Values Alignment**

The strategic fit served various purposes for both organizations—in marketing and brand identification, in broadening the service base from regional to national levels, in developing an image of social engagement, and in providing opportunities for community involvement, which tied together the mission of both organizations.

"We think it's just a good fit for our organization," says Kolber. And timing was a big factor in effecting such a good strategic fit. When Jumpstart came across AEO's path they acted like a catalyst in changing the nature and direction of the company’s involvement with non-profits. Kolber notes that during the period leading up to the Jumpstart alliance AEO had already begun to question their traditional giving to charities and wondered about how to go beyond this, about who might be the right non-profit organization for AEO to get involved with in more meaningful and effective ways. "Jumpstart afforded us a whole bunch of things." They opened doors to social causes (like children and education) that AEO wanted to be associated with and provided opportunities that made good business sense, too.

But being a corporate force for social change requires access to funds and resources that are critically dependent on business performance. Kolber tells a story about AEO's changing fortunes over the last three years. He recounts how not too long ago the company was fighting for survival. The company survived to become strong and viable, and an industry leader. As their fortunes changed, so did their priorities. When things were tough, and there was a lot of turnover, fighting for survival became the first priority, and being philanthropic and partnering with non-profits in social causes was not high on the agenda. But with the coming of better times, and with it the means for practical implementation of a corporate philosophy, the company's social agenda re-emerged. As they re-evaluated their philanthropic strategies, Kolber reflected that: "We recognized over that 3 year period that once you fight for survival and you make it, we have a duty to give something back to the community." So AEO became interested in developing a vision of community outreach and involvement that would link the company to the larger social order in which it operated as well as engage the goodwill of the employees in community service related to their work. "People need to feel good about the organization they represent, and that happens when an organization is doing well." Further, "We have 350 stores and those people, given the opportunity, would love to participate in a program. And it brings a lot of people in different segments of the company together."

Another reason for the good match-up is the close alignment of target constituencies for both companies—namely the college age-group who are AEO’s prime
customers as well as being the pool of volunteers for Jumpstart’s tutoring program for preschoolers. Kolber readily identified mutual benefits that would flow from AEO getting involved, via product- and cash-donation, with Jumpstart's pre-school and college-age clients and programs. "This is a mentoring program for college kids, who are our core customers. And as a result we thought it would be a perfect situation where college kids would be getting scholarships or tuition aid through Jumpstart by helping young kids, and the college kids could help identify with us."

Also contributing to the goodness of timing and fit in this alliance was the fact that renewed business growth and expansion by AEO during this period further helped both partners to exploit each other’s strengths for mutual benefit in the areas of marketing and brand expansion. AEO’s business “exploded” during this period, and they began to develop as a national brand for the first time, which coincided with Jumpstart’s mission to develop a national brand image for their programs. Kolber acknowledges that they shared Jumpstart's goal of turning their local, regional efforts in educational intervention into a national program. In addition, AEO further refined their market niche to target a population of college students and graduates who are very similar in profile to Jumpstart Corps members.

Jumpstart brings a lot to the table in this collaboration and their statement of mission and vision resonated, in a very timely manner, with a reassessment of AEO's corporate goals at an important stage in the company's evolution. This experience illustrated how even being able to articulate a social goal, let alone accomplish it, is intertwined deterministically with a company's business performance. But it also attests to some enduring qualities in AEO's societal vision, which “primed” or prepared the company to take full advantage of what Jumpstart had to offer when the opportunity arose. One might say that Jumpstart gave “voice” to the kind of mission and vision that AEO was trying to formulate. As in many successful collaborations, shared voice helped rationalize and recapitulate motive. When Kolber describes the kind of mission and vision his company wanted to develop, it becomes even more apparent what a good fit the partnership with Jumpstart provided. Besides the obvious business benefits of getting access to a college-age consumer population, the Jumpstart connection helped AEO be associated with several worthy causes at once. As the AEO organization became more internally diverse, they wanted to be associated with programs that would promote a parallel diversity on the outside, and help them participate in outreach to inner cities and minorities. This would demonstrate not just a corporate commitment to diversity but would also engage their employees in tangible, visible ways in community efforts that would make a contribution to the larger society. Lieberman says, “We’re good matches for each other and we saw that right away. We have continued to explore the relationship knowing that that’s our common ground.”

**Personal Connections and Relationships**

Individuals are the architects, builders, and sustainers of organizational partnerships. Cross-sectoral collaborations are fueled by personal commitment to the social mission and cemented by strong personal relationships across the organizations. To
be sustainable, there must be strong commitment and good chemistry at the top level and, ultimately, throughout the organization.

EAO’s Kobler was receptive to Jumpstart because his executive team had endorsed the organization, but his embracing it so wholeheartedly was also due to the personal connection he could make to the mission: “One of the things with Jumpstart that hit me was that I grew up in an immigrant foster family. And, quite honestly, I struggled with reading early on. So I sort of connected with Jumpstart’s mission right away on a personal level.”

As peers, Lieberman and Kolber soon discovered that they shared a common vision and goals about child education and also about corporation’s involvement in community betterment. These shared values created fertile terrain for growing a healthy relationship, but personal dynamics is a determining variable. As Kobler put it, “You have to like the people you’re dealing with. If the people turn you off, I don’t care how good the cause is, it doesn’t make any difference.” The personal chemistry between Kobler and Lieberman has been excellent, and this seems to have spread to others in the two organizations.

Jumpstart’s VP, Hutchison, is concerned that time and familiarity not dilute the quality of such a relationship. She points to a unique ‘value-added’ that she would like to maintain in the ongoing personal relation. Because of the constraints of time she would like to make every phone call (between the partners) count, and be a renewal of inspiration— “I would like to think that every time they get off the phone with Jumpstart, they are inspired. They’re inspired by our commitment, they’re inspired by their own commitment to the organization, and that’s what drives them to continue to move forward in the relationship, and that’s something we can bring in a way that another partner can’t.”

**VALUE CREATION**

The viability of an alliance fundamentally rests on its ability to provide value to the partners. By looking at what we call the “Collaboration Value Construct,” one can analyze the partnership in terms of the type, magnitude, and significance of the resources involved in the value exchange.

In the initial philanthropic stage of a relationship, the exchange usually consists of the corporation providing cash or in-kind donations and receiving good feelings and positive publicity in return. The resources exchanged are “generic” in that they could come from most partners. This certainly characterized the beginning value transaction between Jumpstart and AEO: T-shirts in exchange for good feelings. Many collaborations simply stay at this relatively low-level value exchange. However, the strategic perspective of both parties increased the perceived values.
For AEO the philanthropic giving was aimed at more than good feelings. Kolber sought a mechanism for fostering organizational unity among his company’s various parts. The unifying "common bond" that Kolber sought was provided by Jumpstart's mission towards children and education—something that everyone in AEO could relate to. "Store people are store people. Merchants are merchants. Warehouse people are warehouse people. But if they all participate in Jumpstart, they're all Jumpstart people!" Kolber seems to see this kind of alliance with a non-profit dedicated to social intervention and change as providing organizational glue by giving a meaningful outlet for employees for involvement in the bigger societal picture in ways that have a positive impact on their own lives, on the life of the company, and on society. Jumpstart satisfies a need perceived by Kolber among his employees: "People want to help, and they all do appreciate something that they can do and that they feel good about." It creates a common denominator that crosses all departments; it becomes part of the corporate value system.

The benefit of the collaboration, however, is not simply internal and tied to shared beliefs in Jumpstart’s mission. There are also pragmatic market enhancement benefits, such as cultivating AEO’s target consumer group and developing its brand image. These marketing and brand development goals coincided nicely for both partners. To achieve these goals, the partners had strategic complementarity in their core capabilities. AEO is strong in retailing, product design, and promotion, which Lieberman confesses to be weak in. At the same time, Lieberman is quite insistent that AEO exploit Jumpstart’s strengths in reaching and interacting with youth so as to optimize the business advantages of the collaboration for AEO. In effect, the value of the alliance’s resource exchange is enhanced because the partners are using their core competencies to provide the benefits. This use of proprietary resources graduates the value of the alliance out of the lower level generic resource transfer.

Lieberman constantly expresses concern for what the corporate partner is getting out of the relationship and that it makes good business sense for them. This sense of “caring about the other” seems to be a distinctive feature of the Kolber-Lieberman relation. AEO genuinely wants to see Jumpstart’s activities and programmatic goals as good vehicles for channeling their efforts, energies, time and money. They genuinely want to help Jumpstart accomplish its mission, while Lieberman hopes that Jumpstart helps AEO “try to get involved in really meaningful and powerful ways to leverage the most for what they’re doing in communities.” In effect, both partners are concerned about creating value for the other. This has helped ensure a two-way value exchange and a balance in the transactions. When there is significant imbalance in the resource exchange, this value inequality can lead to deterioration of interest in continuing to invest in the partnership.

It is exactly this kind of mutuality paradigm that proved so attractive to AEO, and so preferable to what other standard charities were offering in their alliance proposals. In certain respects, Kolber saw standard approaches by charitable organizations as too stilted and formulaic. Jumpstart, on the other hand, was able to offer a new partnership paradigm in which the collaborators could work together to discover new ways of combining their competencies to achieve mutually beneficial results. This openness and
entrepreneurial attitude is moving the partners toward joint creation of benefits rather than just exchanging resources. To the extent that they are able to meld their capabilities synergistically to generate distinctive activities and outcomes, the collaboration value construct will have moved to a higher level because it will be uniquely due to the alliance and not attainable separately or with other partnerships.

ALLIANCE ENABLERS

Threaded throughout all of the interactions that sustain this partnering on a week to week, month to month basis run several processes that support and enable the relationship—a sense of clear purpose and focused attention, fostering mutual expectations, and continuing to develop value by working on the communications process.

Clear Purpose & Focused Attention

Lieberman does not mince words when communicating Jumpstart’s purpose to potential partners and what he is trying to sell. It is this sense of clear purpose and focused attention that help get his message of social change across in terms that are as unambiguous as possible. “What we’re selling is a chance to get involved with an incredible solution to a pressing problem. That’s the only resource that we have at the end of the day. People want that. People are willing to pay money for that because they think it’s right.”

This also relates to what Hutchison said earlier about wanting each phone call to be inspired. Both executives are savvy enough to know that complacency can be death to the ongoing relationship and they are very aware that they have to be disciplined to keep the momentum going. This exercise in continual self-definition expresses their purpose and helps keep their attention focused and represents an iterative process of relationship renewal. The other side of the coin of identity-projection is that by remaining clear and focused about the image that Jumpstart is projecting to both existing and potential partners, people come to know what Jumpstart stands for—and what it will not do. For example, they will not take money from alcohol or tobacco companies. Given their mission to children, families and schooling, they want to partner with people where they think there is value. “I think people know what we’re about,” says Lieberman. Kolber certainly does. Jumpstart's clear statement of purpose provides a unique focus of attention for AEO that Kolber buys into. It opens doorways for business/marketing ventures, but it does so in ways that enable the business partner to participate in meaningful social intervention and change. This permits participation and engagement at many levels of the company that is life-enhancing on both an institutional and personal level. And Kolber's emphasis on results, in turn, helps maintain and focus Jumpstart's attention on what it takes to survive in the competitive world of cross-sectoral alliance building. AEO has moved, like Timberland with City Year, to see its relationship with Jumpstart as the primary focus of its social engagement. Kolber stated, “We will do things for other organizations, but I think the long-term, full-time commitment will be to
Jumpstart.” This strategic decision to have a single principle supplier means that the company can concentrate its resources to develop a very intensive and deep relationship rather than spreading its resources among many nonprofits and many social causes.

**Mutual Expectations**

The mutual expectations of the partners seem well aligned in the sense that each actively seeks to find ways to bring value from the alliance to the other partner. They will visibly champion each other and their partnership.

One of the important elements that AEO brings to the expectation equation is emphasis on results and accountability for performance. Kolber likes being involved with an enterprise that "shows real accountability, shows that there is a goal out there, that we're expanding, and we're affecting more lives.” So far he thinks that Jumpstart shows excellent accountability, and he matches that spirit by providing 100% commitment to the collaboration. He wants to make sure that the alliance is given a chance and enough time so the company will be able to judge its success or failure on proper grounds. So the kind of expectations that Kolber sets are derived from an investor perspective. “For me to embrace anything, I want to see that it affects a lot of people, that I get a lot of bang for the buck. If you just want to give money, that's fine. But you cannot hold people to the degree of accountability that I will, because of our level of commitment to Jumpstart.” The larger the resources, the deeper the commitment, the greater the accountability.

As the relationship broadens and deepens and other kinds of strategic cooperation are contemplated, the mutual expectations need re-calibrating from time to time. Lieberman thinks that the onus is on AE “not to assume that the solutions that work in their business would work in ours.” And Jumpstart tries not to make the same assumption, and tries to focus the expectations by providing counsel to AE about how proposed strategic initiatives connect AE to the bigger picture.

**Communications Processes**

Lieberman and Kolber have had good communication going from day one of their relationship. Over time this has continued, albeit with communication that is frequent but brief. While they have had good communication with other AE staff, it has been the direct personal communications between the 2 CEOs that has driven the collaboration. For a non-profit trying to forge a meaningful partnership this level of communication gets the corporate CEO more personally involved, and he has much more latitude to commit his company’s resources to the joint venture. The personal relation between the two executive peers appears to be very “simpatico,” and the mutual trust and respect that this has engendered has further facilitated the communications process.

Kolber makes it clear that Jumpstart has impressed AEO with the enthusiasm and energy with which they have communicated their mission and vision. They differ from other charitable ventures in being able to communicate an ideal more than just an obligation. The Jumpstart executives are seen as having "a want and desire more than a
sense of obligation”. While Lieberman and Hutchison think that the communications process still requires a lot of homework, so far they are scoring top marks with Kolber and AEO because of their ability to communicate their belief in their cause with enthusiasm and energy, with a proactive attitude and a desire to make the partnership work because it achieves their goal of making a difference.

Kolber believes that the communications process is working well because AEO feels good about the program and about the Jumpstart people administering it. He thinks that if alliance partners are able to share the same vision "and work off the same page" it creates an energy and synergy between both companies.

Further facilitating this is the ability of the non-profit to use the language and vocabulary of the corporate partner to sell and communicate a shared vision. For Jumpstart this meant being able to provide a strategic focus on results for the AEO investors so that they could get the message across that they AEO was “buying change” when they bought into the Jumpstart model— “this is where you can get the most bang for your buck” At a time when Kolber and AEO were starting to do more strategic thinking about the partnering and wondering how they could get more out of it, Lieberman’s reiteration of Jumpstart’s vision in a timely manner helped to get AEO to buy into the idea that their dollars would have impact and leverage. By investing in Jumpstart programs AEO could impact the lives of preschoolers with long term effect. As Lieberman explains it: “As people, we came to apply the same business savvy they applied to earning their money, to giving it away”. By communicating a clear sense of what AEO was buying (helping preschoolers enter kindergarten prepared to succeed), Lieberman hopes that “people can see this as much more of a front-end investment than a lot of the alternatives for their philanthropic dollar out there at present.” Effective cross-sectoral communication requires being “bilingual.”

**ALLIANCE CHALLENGES**

Several areas pose challenges to the AE-Jumpstart collaboration as they have moved progressively through the stages of engagement. These include management of the relationship, value definition, and brand creation and dissemination.

**Communication & Relationship Management**

While the personal relation with Kolber has grown deeper, both Hutchison and Lieberman understand that the collaboration also has to spread more broadly across the AEO organization. They have taken advantage of some recent joint marketing proposal to start to work more closely with AEO’s design department to develop new clothing products for Jumpstart and this spreading of the interaction has generated new excitement among the staff on both sides.

Another area that needs to be worked through is mapping out further communication channels. After forging the initial partnership with AEO’s CEO, now Jumpstart needs to do more things on an operational level with other actors in the
company, so that the CEO does not necessarily need to be the main communicator. Kolber is optimistic that his people will get the job done, and already sees the spread of effects of the interaction throughout his company. There is already a certain amount of administrative support being given by AEO, and there are ongoing discussions about how to broaden the channels of communication and get more AEO employees involved. For example, employees might get credit or time off for participating in the promotion of the Jumpstart mentoring programs. In addition to these in-house initiatives Kolber is also thinking of other ways to leverage the relationship by using vendors and suppliers as additional vehicles for spreading the word about the Jumpstart programs.

Even with intentions and goals so well aligned on both sides of this partnering, both Kolber and Lieberman agree that time and time management remains the biggest obstacle and constraint on the rate of progress of the collaboration. Lieberman thinks that time constraints represent a challenge to prioritization and conceptualization of the operational details, while Hutchison would love to be proactive and invest in a day of brainstorming with AEO staff to discuss the future of the relationship.

Jumpstart’s Hutchison also points to the important lesson they have learned about the connection between communication and integrity. She believes that non-profit/for-profit partnerships require “incredible communication, for your corporate partner has to understand what your goals are and that’s part of the integrity piece...and you need to stick to those goals, and everything that that partnership brings should be furthering your goals in addition to their goals.” From AEO's perspective, Kolber seems to believe firmly that Jumpstart have done a good job of communicating that integrity.

**Brand Dissemination**

So far, from Jumpstart’s perspective, brand identity and brand promotion represent opportunities not problems. AEO’s business expansion to a national level coincides with Jumpstart’s plans to grow a national network and build a Jumpstart brand that has even more leverage and return for potential sponsors. This in turn provides a vehicle for market access by AEO who can piggyback on this kind of brand dissemination to market their products. The challenge at the moment is not over proprietary issues (as it might be in other partnerings) but how to be creative about using brand dissemination to build out the relationship even further in different directions. For instance, recent discussions have touched on possibly developing a co-branded product that could be sold through AEO stores, or driving sales via co-merchandising on AE’s web site for which some of the profits will come back to Jumpstart, etc. AEO is also keen to promote the Jumpstart brand nationally and Kolber vows that AEO will be an organization that will help Jumpstart grow and "will stand behind them" in their efforts to expand their programs nationally. He has already started networking with other businesses about this, and thinks that AEO can provide some creativity and marketing services for brand dissemination here that Jumpstart have not had in the past.
Value Creation

Lieberman is keenly aware of the on-going challenge to preserve the value of the mutual benefit flow. He responds to this in several ways. He projects a strong sense of Jumpstart’s mission and values, yet he also tries to keep a running dialogue with his corporate partner about whether or not Jumpstart’s proposal’s make good business sense for AEO. It seems that while philanthropy is the motivator that gets the partner in the door, it is the pragmatics of creating value that drives the relationship along. AE and Jumpstart connected initially at the level of a common vision for social change, but the on-going challenge is “trying to figure out how to help create the change that we all want to see come about, and at the same time build the value for that business, because if times get tough, business’s funds become scarcer.”

So Jumpstart actively tries to encourage AEO to think more in terms of how this can be a strategic business partnership, more than a philanthropic endeavor. They draw upon their emulation of Timberland as they continue to educate Kolber about the bigger picture and how their joint enterprise can really become part of AEO’s organizational culture.

On AEO’s side a major value is getting access to a constituency of socially conscious young adults whom they care very much about as consumers. It is Jumpstart’s ability to bring them access to people and promotional opportunities that they could not get anywhere else that is making this a win-win situation for both partners. Kolber's take on this is that the partnership creates value via different kinds of "bonding”— the bonding between the Jumpstart preschooler and his college mentor that might be translated into further bonding between the college student/tutor and a donor company like AE; the bonding that can take place with employees involved in helping promote Jumpstart; the bonding that can be created between employees and the company because of corporate support for Jumpstart, etc. Kolber speaks of the critical relationship between such opportunities for community service and the company's charity investment decisions. AEO wants to partner in ways that will create value and serve corporate needs as well as philanthropic goals— "How will it affect our own employees, does it bring people together, is it something that all of our employees can share in?"

CONCLUSION

It is remarkable that Jumpstart and AE have progressed so far along the Alliance Engagement Continuum in a relatively short span of time. This speaks largely to the auspicious beginnings of this partnership where timing and goodness of fit played key roles in getting the partners off to a great start. Factors contributing to the continued maturation of this alliance include strategic fit, shared vision, personal connection, value creation, focused attention, mutual expectations, and trust and communication.

To a large extent this particular partnering represents a dialogue and a debate about social change and the means to effect it through a collaboration and application of expertise across corporate boundaries. Jumpstart is very conscious of actively trying to
grow a very open and learning relationship with AEO that will stand the test of time. In
the continuing dialogue, the success of their communication has been largely a function
of each partner’s willingness to learn and speak a common language of change. Their
lateral learning and joint creativity bodes well for the continued evolution of this young
but rich partnership. So too does their depth of mutual commitment, which is revealed in
this final piece of partnering advice by CEO Kobl: “If you’re going to collaborate, be
committed 100%. Make sure you give it a chance, make sure you give it some time, and
don’t do anything halfway, because then you’re never going to be able to judge your
success or failure. If you want to get involved, get completely involved.”

COMMUNITY WEALTH VENTURES
&
THE ALLIANCE MARKETPLACE

The foregoing case studies reveal that the “alliance marketplace” is very
underdeveloped and inefficient. Potential partners do not have good information sources
about each other or clearing houses where they could seek each other out. Further
exacerbating this process is the relative lack of experience that nonprofits and
corporations have in developing alliances that transcend the traditional charitable check-
writing relationship. The interest in alliance creation is, however, increasing rapidly as
nonprofits seek to diversify their funding sources, and some forms of partnering are
proliferating, particularly cause-related marketing. The emergence of Community
Wealth Ventures, Inc. (CWV), an entity aimed at fostering nonprofit-corporate
partnerships, provides us with an entrepreneurial perspective on an alliance market
maker.

CREATION OF COMMUNITY WEALTH VENTURES

CWV was incorporated in April 1997 as a for profit subsidiary of the nonprofit
Share-Our-Strength. SOS was dedicated to fighting hunger since its founding in 1984 by
Bill Shore. SOS pioneered fundraising through corporate partnerships, starting with its
“Taste of the Nation” event in which leading chefs throughout the country donated their
talents to cook for patrons whose ticket proceeds would be distributed to anti-hunger
organizations via SOS. This attracted corporate sponsors like Bon Apetit magazine,
MasterCard, and American Express. This event generated $4.4 million in 1997. AMEX
then launched a cause-related marketing campaign with SOS called “Charge Against
Hunger” whereby the company would donate three cents to SOS for every dollar charged
during the November-December holiday season. Between 1993 and 1996 this campaign

November-December 1996, Reprint 96601.
14 Data related to CWV based on research by author for Harvard Business School case Community Wealth
Ventures, Inc. 9-399-023, 8/5/98, Meredith D. Pearson and James E. Austin.
generated $21 million for SOS. It also strengthened relationships between American Express and the participating restaurants and increased card usage noticeably. By 1998, SOS had formed over 100 local and national partnerships with corporations, including Barnes & Noble, Evian, and Calaphalon Cookware. Clearly, SOS had figured out how to make the alliance marketplace work for it.

Bill Shore recalled the birth of the CWV idea: “For the first time nonprofit organizations were asking not how to get money from us but if they could get someone from SOS to train them how to do it themselves.” Corporations, too, were seeking advice. In 1998, SOS Development Director, Ashley Graham noted, “Six years ago I was making corporate outreach calls all day long. Now they’re calling us, and they’re also asking us how we do what we do.” Shore continued, “It took a remarkably long time for it to click with me that SOS had an asset of our own which could be leveraged—our expertise. From then on it was just the technical question of how to structure building a formal capacity.”

The immature state of development of the cross-sectoral alliance marketplace meant that there was not a large existing body of extant knowledge on how to create such partnerships. Knowledge was being generated by practice and SOS could therefore capitalize on its experiential learning. The premise was that it had a marketable proprietary asset. The challenge was how to create an organizational delivery system that would allow it to play a productive and remunerative role as an alliance market-maker.

Shore and his team decided to organize CWV as a for-profit corporation. He explained, “There was no reason that we couldn’t have done it as a nonprofit part of SOS, but I wanted to make sure we were creating products and services that people really wanted. I had a trust in the marketplace that we would develop something better if people were willing to pay for it.” Shore found five investors who had only been small donors to SOS but who readily agreed to invest the $500,000 start-up funding. Shore explained, “The five of them put up the start-up capital just like that. It was the shortest conversation I’ve ever had with any of them, because it was a business they were putting their money into. They felt that their money was going to have a social impact, which was a big part of their interest, but they were also going to get it back.” In effect, these social capital investors were convinced of the social and market value of the cross-sectoral alliance promotion business, another sign of the emerging acceptance of the collaboration phenomenon.

**CWV MISSION**

The organization’s mission was stated as:

Community Wealth Ventures, Inc. promotes sustainable social change through the creation of community wealth. Community Wealth Ventures designs and builds community wealth—resources generated through profitable enterprise to achieve a social mission—in order to maximize the impact of non-profit organizations, grant makers, and corporations working to strengthen America’s communities.
CWV will:

- Advance the concept of community wealth, directly supporting Share Our Strength and its objective of alleviating hunger and poverty;
- Develop a profitable business enterprise that delivers an attractive return to investors;
- Meet the needs of the marketplace by providing community wealth guidance and expertise to nonprofit entities, grant makers and corporations.

At one level, CWV is an earned-income funding mechanism for SOS. Its profits will go to SOS and its financial backers. At another level, it has a social mission of promoting the concept of “community wealth.” And at a third level, it is strengthening the functioning of the alliance marketplace by preparing potential partners to engage in mutually beneficial value exchanges.

CWV METHODOLOGY

For nonprofit organizations, CWV provides their clients a list of Community Wealth Opportunities (Exhibit 1) as a means to stimulate creative thinking possible new directions for the organization. The opportunities fall into two categories, Community Wealth Partnerships and Community Wealth Enterprises. The Partnerships include Licensing, Cause-Related Marketing, and Joint Ventures. Community Wealth Enterprises are business ventures that provide products or services, but would not necessarily involve a corporate partner. CWV then takes client's staff and board through a process that helps them to identify their assets and brainstorm ideas for new revenue generation. If the nonprofit agrees, CWV can then help set up a partnership or community wealth enterprise by providing assistance with business and finance planning, legal structuring, enterprise development, implementation and evaluation (Exhibit 2).

For corporations, there is a trend toward strategic philanthropy, but Shore noted that most companies are not quite there. "One of the things that we're trying to do is to help companies think about how their philanthropy could be tied to their business outcomes. That is still a really radical idea to a lot of people. Some companies have such a wall between philanthropy and business that just getting people to start to thinking about integration is 90% of it. The rest is just common sense derivation." The CWV process helps companies understand the potential benefits from partnering with a nonprofit (see Exhibit 3); facilitates the identification of their own assets to leverage; and assists the companies in choosing a cause and organization that best meets their business and social objectives.

In terms of our Cross-Sectoral Collaboration Framework, CWV’s assistance helps the potential partners to identify their resources that could be deployed in a partnership to build its Collaboration Value Construct. Furthermore, CWV aims to foster strategic thinking in how to link the partnership to entities’ core missions and objectives. Finally, they play the matchmaker role by identifying potential partners and or helping them connect and form the alliance. CWV appears to be playing a combination of the advisory role of consultants and the linking and deal-making role of investment bankers.
INITIAL EXPERIENCES

As of June 1998, CWV had 12 active clients, including Timberland, the Chicago Children's Choir, Fannie Mae, Pfizer, the School District of Bloomfield Hills, Michigan, America's Promise, and PCNG (a New Jersey utility). All of the clients had resulted from Bill's personal contacts. Although both Bill and Karen acknowledged that CWV would eventually have to initiate an aggressive marketing campaign of its own, they both were grateful for the extra time to develop their program. According to Karen, "We've done no active marketing which is probably a good thing for a number of reasons. Our target message has changed over time. For example, we've realized that we don't want to be working with a whole bunch of small organizations. Had we gone out and done a lot of marketing to small nonprofits a year ago it would probably be more complicating than helpful to our business." Bill noted, "We do need to work on how to engage in better relationship marketing. We still have a fair amount of that to do before it runs out, but we need to make sure that we're getting the right clients and not be tempted to take on everyone that comes knocking at the door."

Timberland

One of CWV's initial clients was Timberland, which is interesting for our analysis because it brings us full circle to the first alliance that we studied. Timberland is one of the most experienced and forward-thinking corporations regarding community engagement and partnering, so it represented a highly mature segment of the alliance marketplace. The fact that it contracted CWV's services suggests that the journey along the Collaboration Engagement Continuum is never-ending. There are new frontiers to be sought out.

In the fall of 1997, Timberland was thinking about how to deepen its relationship with City Year. After a series of discussions with Bill Shore, Ken Freitas, Vice President of Social Enterprise at Timberland, reported, "We had come to realize that we wanted to build the next level of our relationship with City Year, but we didn't know where to go. If we have done strategic philanthropy, and if we've tried to internalize it, and if we've tried to build value, what is the business we could run? We didn't know the answer."

As part of an effort to find that answer, Timberland, whose executives were well acquainted with Bill and his new venture, asked CWV to conduct an industry assessment of current models of community wealth building activities being undertaken by corporations. "What came out of that process," according to Ken, "was an end product that shed a bit of light, but still told us that this is an emerging world."

Timberland then hired CWV to take them through the process of building a community wealth program. "Quite honestly, they challenged us. We want to be on the top of that pyramid. They pointed out that the bulk of what we do is in the strategic philanthropy mode—I think there is some truth to that. We knew we hadn't gotten there, but we wanted to. But the question remains, well, how do we do it?"
Karen Aidem agreed. "We know mentally that Timberland is there. We know that
they get it. We know that they want it to happen." Another CWV consultant added, “to
maximize the effectiveness of their program, they had to be more strategic.” Freitas
commented, "To tell a company to go find a cause is a potentially dangerous way for
companies to proceed because it doesn't run deep enough. Maybe it was good for Avon
or American Express, but City Year and Timberland already have a relationship. We can't
just throw away $6 million and just start over again."

Freitas commented on the complexity of partnering and the characteristics of alliance
advisors: "There are a lot of people jumping into this world offering advice, but this is not a
formulaic thing. If this type of activity is to be sustainable, it must be more than just slapping a
name on a cool ad. When it comes to depth and richness, a group of people like Bill Shore's
should be able to deliver more. I think that they have a more complete understanding of what it
takes to be successful and I think they're more connected to the social side of things and are
trying to build a bridge. From my standpoint, I find more credibility there."

**Chicago Children’s Choir**

Another early CWV client, the Chicago Children’s Choir, provides a contrasting
view to Timberland, in that it is a nonprofit and had very little experience in partnering
and earned income activities. The Choir is dedicated to making a difference in young
people's lives through musical excellence. Founded over 40 years ago as a small
children's choir within the First Unitarian Church, it is today the largest choral music
education program for youth in the U.S., serving over 3,000 children from various racial
and cultural groups.

According to Executive Director Nancy Carstedt, she became interested in
working with CWV after a meeting with Bill Shore. "When I met Bill for the first time in
December, I was struck by how closely community wealth creation met my thinking
about a new direction for the children's choir.” The annual choir tours abroad had always
been difficult to fund. Since most of the choir members are from low income, minority
households, few families have the resources to pay for the trip. Carstedt firmly believed
that the annual tour was critical to the mission of the organization and was looking for
ways to turn the traditional cost center into a profit center. "It seemed to me that a diverse
group of young people traveling around the world and sharing their music could be a very
powerful tool within a corporate partnership." But Carstedt was also interested in the idea
of community wealth enterprise as a means to supplement or even supplant the choir's
traditional revenue sources.

According to Karen Aidem, the Children's Choir faces an issue that most
nonprofits encounter, "When you're running the treadmill every day, you're trying to keep
up with the next big donor, and you're trying to figure out where the next $10,000 is
coming from. You don't always have time to look five years out and ask, 'Are we
sustainable? And what do we do when this grant goes away.'" Carstedt was seeking
answers to these questions when she first met with Bill. With a grant from the Chicago Community Trust, she hired CWV to help her identify opportunities for the choir.

In June 1998, CWV held a day-long exercise with the Board and staff of the Children's Choir, which took the organization through the process of understanding community wealth, identifying their leverageable assets, and identifying opportunities for community wealth building programs. As a result of the session, the choir now has several leads on potential corporate partners as well as a list of ideas for community wealth enterprises that include starting a choir school, the marketing of curriculum, and the selling of a songbook.

A member of the Chicago Community Trust attending the session remarked, "I have seen all the money that the Trust has poured into consultants over the years, and I have never ever seen anything to match this particular effort." Carstedt agreed, "A lot of consultants come in and they leave you with some sort of document and that's it. But this has a much different feel to it. It has the feel of an ongoing relationship. As we venture into unknown territory it's critical to have that support." In particular, Carstedt mentioned that CWV's experience with partnership building would be a critical resource for them to continue to draw upon in forming and maintaining the partnerships that they hope to develop. "We simply don't have the experience with that," she said, "We will need their help all the way through."

CONCLUSION

CWV is a social enterprise start-up. Like most early entrepreneurial ventures, its future remains uncertain and its journey is being shaped by its daily experiences as it travels through uncharted waters. Its emergence, however, has clear signaling value. There is accelerating cross-sectoral alliance activity and the demand for partnering process knowledge and assistance exceeds the prevailing supply. The alliance marketplace remains filled with imperfections, but the rapidly expanding experiential learning base and the emergence of market makers and knowledge-disseminators will contribute to better information, more efficient matching, and greater partnering effectiveness.

COLLABORATION GUIDELINES

Creating and developing alliances between nonprofits and corporations represent entrepreneurial and managerial challenges of the highest order. To assume that there are simple, standard steps that one can rigidly follow is to cloak the inherent complexity of partnering and to court disaster. Effective collaboration ultimately involves jointly tailoring a garment that fits the unique characteristics and needs of the partners. Keeping this imperative clearly in mind, one can usefully seek guidance derived from practice. This final section attempts to distill from our examination of partnering practice some of
the insights in five areas that may prove useful to builders of nonprofit-corporate alliances: Collaboration Mindset, Strategic Alignment, Collaboration Value, Relationship Management, and Performance Accountability.

**COLLABORATION MINDSET**

To achieve high value collaborations both parties need to abandon traditional partnering mindsets. Nonprofits need to escape the “Gratefulness Syndrome” and the supplicant’s mentality. They must envision their assets as value-adding opportunities for corporate partners. Corporations must cast off their “Charity Syndrome” and see engagements with nonprofits as strategically central to their business operations rather than peripheral encounters. High performance collaborations are about much more than money.

Partners should identify where their relationship falls on the Collaboration Engagement Continuum and where they want it to move to. Advancing along the Continuum promises higher partnering payoffs, and partners should boldly seek those new frontiers. In making this journey, it is important to recognize that the scope, scale, strategic importance, and operational complexity will all increase. The leaders must be prepared to ratchet up their personal, institutional, and resource commitments accordingly. Lastly, the collaboration must be viewed as dynamic. Its evolution cannot be completely planned and predicted. The partners are advised to cultivate a discovery ethic that will permit continual learning about both the what and how of the alliance.

However, it is important to identify the appropriate projects for engagement based on the level of trust and understanding that exists between the partnering organizations. You need to walk before you run, date before you get married. Test the waters and develop an understanding of each other’s capabilities by identifying lower risk projects at the beginning. As the alliance gains credibility, so too does organizational commitment to future success and tolerance for higher risk-reward engagements.

The process of project identification is key to the sustainability of the alliance. In the philanthropic stage, project ideas are often developed by the nonprofit and responded to by the corporation. A shared visioning process at the senior levels of the organization will help to facilitate the progression of the alliance to the transactional and integrative phases. To sustain the relationship, however, this top-level shared visioning must be accompanied by an organizational context that promotes the collective identification and execution of projects across both organizations.

**STRATEGIC ALIGNMENT**

In searching out partners and developing the relationship, the protagonists should concentrate their efforts on identifying areas of alignment between the partners’ strategy, mission, and values. The closer the alignment, the greater the potential collaboration gains. There will not be total congruency, but rather overlap. Where the missions mesh becomes the arena of collaborative action. As the alliance evolves it may become a force
influencing the partners’ mission definitions, which may lead to new areas of overlap and engagement. External forces impinging on each of the partners may cause misalignments to arise; so continued scrutiny is needed to preserve as well as to broaden alignment.

Strategic partnerships require focused attention. They are high maintenance relationships. This raises the issue of how many such partnerships should the collaborating entities have. Given the level of organizational commitment required to build and sustain a successful relationship, each partner should assess its respective collaboration capacity. It might be useful to approach this as a “collaboration portfolio” in which multiple relationships serve various functions and require varying levels of manta5inance, resource exchange, and duration. Care must be taken to not overload your portfolio, such that key relationships are neglected. That can lead quickly to partner disengagement.

COLLABORATION VALUE

The Collaboration Value Construct should be constructed together. It is very important for partners to have great clarity about their mutual goals for the collaboration, what they want to get out of it. In this value definition process one should identify the multiple possible benefits and their worth. These assessments often cannot be quantified with precision, but qualitative statements are also valuable and legitimate. The risks and costs of the collaboration also need to be identified and weighed against the benefits to determine the advisability of proceeding. If one does decide to proceed, the partners should explicitly discuss how to reduce the costs and manage the risks.

The partners should continually think about value creation. This involves scrutinizing continually each organization’s resources and actions to see how they can create value. As the relationship progresses, the partners should seek to move beyond generic resource transfer and to utilize their core capabilities and proprietary assets to generate benefits. This increases the partner’s worth to the collaboration. At an even higher level, the partners should seek how to combine synergistically their resources to jointly create benefits. This enhances the value of the collaboration because it is producing benefits not otherwise attainable.

It is also important to have value balance in the collaboration construct. The benefits must be flowing in both directions and they should be deemed by the partners to be acceptably commensurate in value. This seems to be attained where each partner is actively seeking to find ways to advance the other’s agenda and where they have learned deeply about the other’s business. If the resource exchange gets significantly out of balance, it can erode the dominant benefit provider’s motivation or tempt it to exercise undue influence over the recipient partner.

As a collaboration evolves, the value of the benefits may erode, e.g., as transferred skills are internalized by the recipient partner, or as partners’ needs and priorities change. Even more subtly, successful collaborations may slide into complacency and stop searching for value opportunities. Consequently, there is an
important need for value renewal. This places a premium on the creative capacity for innovation. In the Alliance Marketplace, as in the commercial marketplace, the failure to innovate and create new value will likely lead to displacement of the laggards by the innovators. This search for new collaboration benefits can be enhanced by having the partners engage periodically in a strategic visioning process in which they collectively envision the future path of the collaboration and the possible benefit opportunities.

RELATIONSHIP MANAGEMENT

People matter. Personal chemistry is essential to productive partnerships. Investing early on in the collaboration formation process in getting to know the key individuals in the other organization pays cooperation and commitment dividends later. Bad interpersonal relations can destroy a partnership, but good relations will not ensure a relationship. The key individuals must personally and emotionally connect with the collaboration’s social purpose. Passion is the motivational driver and inspiration is a primary currency in the collaboration.

Even when the personal relations and emotional connections are present, a solid partnership requires an effective communications process. One good rule is to never surprise your partner; involve each other early on in planning actions affecting the partnership. Communications should be honest and forthright, frequent and meaningful. Constructive criticism should be welcome. During crises in either organization, one should increase communication. However, don’t call just to call; make every call count. Trust and mutual respect are critical; they take time, effort, and actions to develop. One should take a long-term perspective on an alliance.

The relations between the top leaders of the corporation and the nonprofit can be determinant of the acceptance and vigor of the collaboration. Nurturing that relationship early on is vital. However, the subsequent challenge is to transcend the top-level link. High performance alliances institutionalize the collaboration process. This entails creating multiple opportunities for interaction and engagement of employees at all levels in both organizations. The visibility of the partnership needs to be heightened in each organization as well as externally. Even further, it means empowering these levels to drive the collaboration. As one progresses along the Collaboration Engagement Continuum, the organizational interactions need to proliferate. Each partner should develop the appropriate infrastructure to support the alliance; as the relationship evolves, so too may a more integrated infrastructure.

COLLABORATION PERFORMANCE

High performance alliances are driven by high mutual expectations and a commitment to mutual accountability. Viewing the collaborations as joint ventures with shared equity investments creates an expectation of returns, most fundamentally social impact but also specific accompanying benefits accruing to the partnering organizations. The more explicit the performance assessment, the more likely that the collaboration will focus its collective energies on enhancing impact.
Holding high expectations of your partner motivates performance, but it is important to ensure that execution capabilities are compatible with commitments. Partners should assess whether an execution gap exists and remedy it by mobilizing the missing resources or by adjusting the commitments down to realizable levels. Overcommitting and underdelivering can destroy partner credibility.

TOWARD THE FUTURE

Cross-sectoral collaborations will grow at an increasing rate. These alliances between nonprofits and corporations hold considerable potential for generating social value and enhancing business performance. This paper has attempted to tap into the world of practice to glean insights that will deepen our understanding of the partnering process. It is hoped that the conceptual framework and analyses will provide helpful guidance to corporate and nonprofit leaders striving to develop high performance alliances. Additionally, we hope that this research and its preliminary findings will spark other academics to engage in the exploration of this important social enterprise arena.