

Partnership Pyramid

There are many ways for nonprofit organizations to work together – ranging from an informal partnership to a legal restructuring through merger. But what choices emerge along this continuum? And what advantages and disadvantages does each bring? This pyramid outlines the most common options available for close affiliation between organizations.



Collaboration

A cooperative relationship between organizations encouraging them to share information, support joint efforts and possibly plan and/or present programs together.

- No permanent commitment is made and no changes to legal status of either organization occur
- Decision-making and autonomy remain with each organization
- A written agreement may or may not be used

Strategic Alliance

A relationship between organizations designed to increase efficiencies (e.g., administrative efficiency by sharing back-office functions) or to achieve common goals related to mission, such as integrated programs or service delivery. Both organizations remain separate entities.

- A commitment to continue the alliance for a set period of time is generally made
- A process is defined for key decisions, usually including representatives from both organizations
- Some type of written agreement is generally used outlining the specific details of the alliance

Program Integration

A legal restructuring occurs to increase organizational effectiveness. Sometimes a new organization is created to manage the program. Common integration options are:

- **MANAGEMENT SERVICE ORGANIZATION:** A new organization is created to integrate administration functions for those organizations involved (e.g., combining back-office functions).
- **JOINT VENTURE CORPORATION:** A new organization is created to advance administrative or program goals. Governance of the new organization is shared among the partners (e.g., combining transportation services).
- **PARENT-SUBSIDIARY:** Some administrative and/or program functions of two or more organizations may be blended, but a single organization oversees the services. This may not involve the creation of a new organization.

Merger

A legal restructuring including the integration of all programmatic and administrative functions and involving the legal dissolution of one or more of the organizations. All aspects of the dissolved organization are blended into the merged organization and a new governance structure is created.