

Types Of Charitable Collaborations: Mergers, Joint Ventures & Partnerships



Voluntary Impact
Northamptonshire
Executive Membership



Background

More Charities are turning to collaboration with other Charities to pool resources, gain efficiency, and better serve their mission. Charities can merge their back-office functions to enjoy lower overhead costs, enter a joint venture to expand their offerings or service area, or even merge entirely into one complete entity: But navigating which option is right for your Charity can be challenging.

The first step is to understand the differences between the various types of collaboration.

1. Mergers

Mergers are the most formal process in this list. A merger can involve completely combining two Charitable entities, or one larger Charity adding a smaller organisation to deliver a new programme or service. The merger process ranges from short and simple to lengthy and complicated: But it is always important to do your due diligence during a merger. Many Charities use a consultant during the process to help perform due diligence and implement best practices. When your organisation is ready to officially merge after the due diligence process, it is important to seek the requisite legal advice. Organisations should seek legal advice skilled and versed in non profit law.

2. Joint Ventures

A joint venture is historically used when two Charities want to collaborate on an isolated programme or project. Here is a simple example:

A Youth Charity and a Horse Rescue Charity coming together to provide Horse riding classes for isolated or vulnerable children over the summer period.

These types of ventures are helpful as they increase capacity and resource, extend the geographic reach of a service or programme, and add expertise and skills to both organisations.

Joint ventures are usually time limited.

3. Fiscal Sponsorship

Fiscal sponsorship allows a fledgling Charitable programme to be incubated by an established Charity. Here is a simple example:

In the faith sector, new church networks are often incubated by larger faith organisations until such time as their development and funding is viewed as sustainable and robust.

This type of arrangement is useful for new Charity programmes as it gives support when it is most needed. For the incubating Charity it raises profile, adds to the resilience of the sector and forms a platform of allies for the future.



4. Partnerships

The word Partnership can be used in many ways and can mean different things to different people. Generally, though, a Partnership is a formalised agreement between 2 or more Charities which has a specific goal or a set of ambitions. Partnerships can allow your Charity to pool resources with another organisation to help you reach your goals. A good Partnership helps increase efficiency, adds resource, and allows for joint funding activities. Many Grant Funders like the concept of Partnerships as it allows them to provide more services at a lower cost.

Notes

No matter what type of collaboration you pursue, it is vital to undertake research on the organisation you wish to connect with. While the impact of a successful Partnership, joint venture, fiscal sponsorship, or Merger can be great, the implications of one of these methods failing are also great. Trustees would need to agree the approach, and in general terms always look for a Charity which has similar cultures, aims, or ambitions. Always schedule an interim consultation which could at its very basis level be a simple telephone call, CEO to CEO. There is no harm in talking to others before committing to a formal approach. Voluntary Impact Northamptonshire can advise on the different types of approach which might suit your organisation best. For more information simply contact info@voluntaryimpact.org.uk

