CHARITIES AND CORPORATE PARTNERSHIPS

Corporate Partnerships: Key points for charities

- Corporate partnerships can be a way to raise extra funds and boost volunteer numbers and support. However, they need to be considered carefully.
- Look beyond just financial or sponsorship arrangements – think about goods, services, resources or expertise.
- Figure out what the charity wants from a corporate partnership and what benefits it can offer any prospective corporate partner in return.
- A poorly executed partnership can hinder, rather than help, a charity. It can drain resources and be difficult to manage.
- Consider the risks involved and plan the ways the charity will address them.
- Regularly review any corporate partnerships – catch up with partners to stay on track or, if needed, change tack.

What is a corporate partnership?

A corporate partnership is where a charity forms a relationship with a business. It usually involves a charity receiving funds, goods or services in exchange for something the corporate partner sees as beneficial.

Each corporate partnership can be unique in structure and scope. And partnerships are not only for large charities and large companies – they can involve a charity of any size and a business of any size.

For charities, the aim of any corporate partnership should be to **establish a relationship that helps it achieve its charitable goals, as well as one which produces tangible benefits for the wider community**.

In addition, a corporate partnership can go beyond an exchange of value, and can in fact see both partners create new value.

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Any corporate partnership should be built on:

- solid planning
- clear expectations
- mutual respect
- a willingness to engage with other organisations, and
- a desire to help the community.

Why should charities be interested in corporate partnerships?

In many cases, by providing a charity with access to extra funds, resources or services, a good corporate partnership can help a charity extend its reach and impact in the community much farther than if it acted alone.

Corporate partnerships can also improve charities' efficiency, build their public standing and provide them with experience and knowledge they can use – now and into the future.

They can also help a charity better engage with organisations in the corporate sector – something which, if done well, can bring with it several immediate and ongoing benefits.

Consider a wide variety of partnership options

When considering a corporate partnership, the Responsible Persons of a charity should look beyond just the obvious options of "sponsorship" or "extra funding".

Charities which limit themselves to these options:

- narrow the ways they can be involved in a successful corporate partnership
- eliminate businesses or corporate bodies which simply do not have the resources to base a partnership on finances alone.

A charity's Responsible Persons should think laterally about the options they have for a successful partnership, and should consider alternative models involving the exchange or receipt of goods, equipment, services, resources or expertise.

Receipt of these items can be just as valuable as receiving a financial boost:

- Gaining a new printer or some recycled office furniture as part of a partnership means that a charity doesn't have to raise money or allocate funding to purchase them.
- Having access to a technology-based service or support (for example, IT expertise) through a partnership means that a charity doesn't have to raise or allocate funds towards it.
- Increasing expertise on your charity's board or through pro-bono support from a business or corporate can be invaluable in improving a charity's operation.
- Gaining access to new audiences, networks or contacts through a partnership with a business or corporate can help spread a charity's message more effectively, and can see it tap into new connections.

Even small examples like these can have a significantly affect – albeit indirectly –a charity's effectiveness in the community.

Why a partnership with a local business or corporate is worth considering

For a charity that works mainly in a local community or specific location, working with a local business should be a serious consideration.

Doing so can multiply the partnership's benefits – greater benefits flow back to the community in which the charity and its business partner operate, and where the charity's supporters, volunteers and staff work and live.

A local partnership can build community capacity and skills from which the charity or its partner can draw future staff or volunteers.

It can also lead to greater recognition of the charity's work in the community, leading to greater community support and higher community standing for all partners.

What should a charity do before entering a partnership?

A charity must do its due diligence before entering a corporate partnership. Part of this is to carefully consider the details of a partnership before establishing an agreement. Some of the things you should consider are:

- What the charity wants to receive in a corporate partnership.
  - For example: money/sponsorship, volunteers, goods, services, resources, expertise, pro-bono or in-kind support.
- What the charity can offer a corporate partner.
  - For example: promotion of a partner's business, naming rights to an event, sponsorship opportunities, preferred supplier status, signage, participation at charity events, reputational benefits.
  - The cost to deliver this type of partnership (and whether the charity can afford it), as well as any limitations or boundaries the charity might have.

> **NOTE**: Charities should be realistic. A risk when entering a corporate partnership is that a charity overestimates what it can offer a prospective partner and is then unable to deliver.
>
> By the same token, don't underestimate your worth – prominent signage at one of your events might be far more valuable to a corporate partner than you might initially expect.

- The benefits the corporate partnership will produce for the wider community:
  - It might support the charity's existing work, or embark on a new project or program.
- Is the board on board?
  - The charity's board/Responsible Persons need to be ready and able to support a partnership, not just in its establishment phase, but through relationship building and partnership maintenance and nurturing.

  - The board will also need to disclose any actual or perceived conflicts of interest in relation to proposed corporate partners (read our guide on **Managing Conflicts of Interest**)
  - The charity will need to mobilise its internal stakeholders. A group effort is required to win and then maintain a partnership.The charity should also consider carefully who it will approach for a partnership and what form the approach will take.
- Choosing a prospective partner:
  - Can the charity approach a business with which it already has a relationship?
  - Is there a business that the charity shares certain values with?
  - Is there a business that works in the same area (field of work, area of expertise, geographic region) as the charity?
- Approaching a prospective partner:
  - Does the charity have an existing relationship with the corporation that it can use as a basis for an approach?
    - If however you are considering approaching a corporate you have no previous relationship with, your approach will be different and may also serve as an introduction to your charity.
  - Are there "mutual friends" – people linked with both the charity and the prospective business – who the charity could work with to bring both parties together for a meeting?

Your due diligence should also consider:

- any risks or conflicts of interest a corporate partnership might pose
- any "no-go zones" for choosing a prospective partner – charities should make sure they're not caught out approaching (or being approached by) a partner that isn't a good fit in terms of its values, work and aims
- how these risks will be managed
- at what point these risks become "deal breakers" which preclude you getting involved in a partnership.

Risk management in a corporate partnership

A charity should not only consider the risks it may encounter, but how it will address them.

Among the most obvious risks are:

- that the charity chooses the wrong type of partnership, or does not have the resources to properly service a partnership
- that the charity chooses the wrong partner to work with
- that potential conflicts of interest aren't disclosed or managed responsibly
- that the charity's reputation is damaged if something goes wrong with the partnership or if the partner displays inconsistent values in another area of its operations
- that the ownership or overall management of the corporate partner changes – for example, through a takeover – resulting in the charity partnering with a corporate that is no longer aligned to its values
- that the charity's core work is adversely affected because of the partnership

- that there are inadequate safeguards on access to the charity's donors, supporters, members or beneficiaries
- that charity beneficiaries do not have adequate protection – for example, inadequate child protection standards for volunteers from a business.

> **NOTE:** For some charities, those risks might be "deal breakers" – the risks that stop it entering a partnership. It is important that charities know which risks are "deal breakers" or the point at which certain risks become too big to allow them to continue to be involved in a partnership.

Risks can be identified and addressed through a proper risk assessment process. This should be completed before establishing a partnership.

Risk assessment doesn't have to be complex or time consuming. Often having the Responsible Persons of the charity sit down to brainstorm and discuss possible risks – as well as how they can be addressed – is enough to clarify what needs to occur.

And, as mentioned above, this process should also identify whether any risks are "deal breakers" for the charity.

Whatever decision the Responsible Persons of the charity reach, they need to be confident they comply with the ACNC's Governance Standards. In particular, Governance Standard 5, which states that Responsible Persons must "act honestly and fairly and in the best interests of the charity and for its charitable purposes".

And a key step to ensure Responsible Persons comply with Governance Standard 5 is to have an open and honest discussion about risk before their charity embarks on a partnership, and to either:

- recognise that pursuing a corporate partnership isn't appropriate or beneficial for the charity, or
- ensure the charity has measures in place to manage risks if it decides to pursue the partnership.

Charities should consider developing a partnership agreement – a written document spelling out:

- the partnership's aims,
- the roles and responsibilities of partners,
- the benefits each partner hopes to receive,
- the benefits the partnership aims to produce in the wider community, and
- any steps partners will take when reviewing, evaluating or even winding up the partnership; this might include a defined exit strategy or an agree set of circumstances which would trigger a discussion about the partnership's future.

Maintaining the partnership

Any corporate partnership needs regular maintenance to remain healthy.

When entering a partnership, a charity and its corporate partner should commit to regular reviews of the partnership which ensure it is in good health, running smoothly and achieving its aims.

Any periodic review should examine:

- if the partnership is achieving what it set out to, and any changes that might be required to improve its efforts
- any issues or concerns which may affect one or more of the groups' abilities to contribute to the partnership
- any new opportunities which might help your partnership make a greater impact, or increase its effectiveness.

These reviews don't need to be drawn out affairs, and can be far easier when a charity and its corporate partner stay in touch, remain engaged and quickly address any issues that arise.

Ending a partnership

Knowing the right time to wind up a partnership can sometimes pose as much of a challenge as getting the partnership rolling in the first place.

The most obvious reason to end a partnership is that it has achieved the goals it set out to achieve.

Another reason might be that the stated partnership aims no longer fit with the structure of the partnership.

A third motive might be that the partnership was established with a specifically defined time limit in mind.

Of course, successful partnerships don't have to just end. A charity and its corporate partners can easily adjust the partnership to strive for new goals, re-structure it around a new set of goals, or extend it so it can achieve further success.

However, if it is time for the partnership to wind up, a good idea for the charity is to refer to the exit strategy it should develop as part of the partnership agreement.

This strategy should provide the charity with a good starting point when concluding the partnership.

Final thoughts

Corporate partnerships have great potential to maximise the benefits a charity seeks to achieve, as well as increase community engagement and charity capacity.

But before a charity enters a partnership, its Responsible Persons should ensure they conduct proper due diligence, and that the corporate partnership works to help further its charitable purpose.

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