


Non-Profits Collaborating with For-Profits

Coalition for Global Hearing Health
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Two Entities meet....



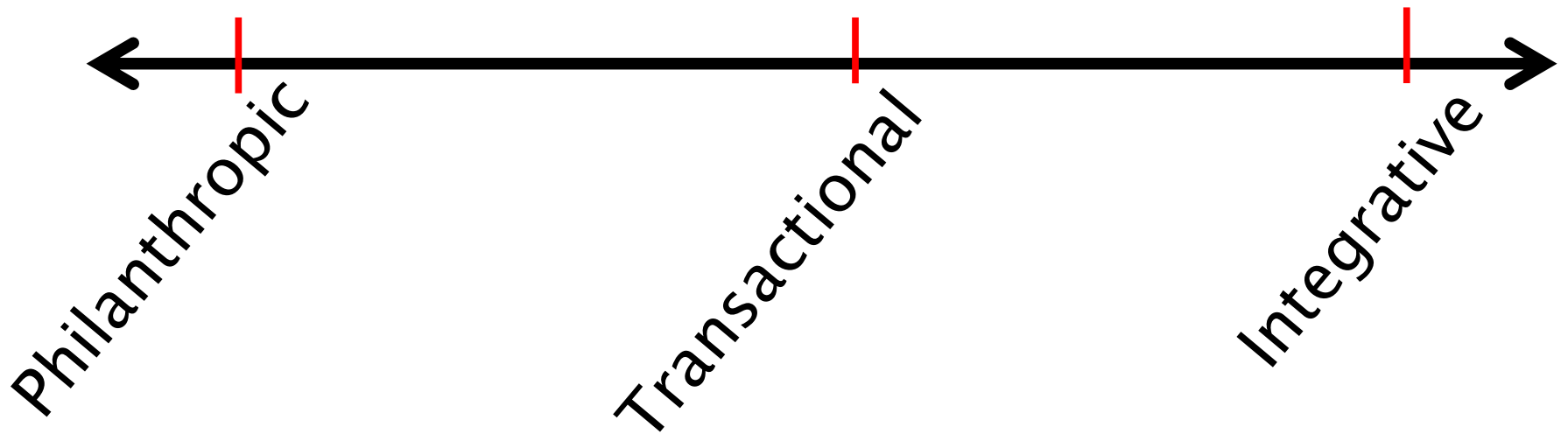
Differences

- ▶ Goals
- ▶ Measures
- ▶ Competitive Dynamics
- ▶ Organizational Cultures
- ▶ Decision Making Styles

Differences (cont.)


- ▶ Personnel Competencies
- ▶ Professional Languages
- ▶ Incentive & Motivational Structures
- ▶ Emotional Content
- ▶ Law (ex: Business and Tax)

Collaboration Continuum*




* (James Austin, 2000)

Important Steps

- ▶ Making the Initial Connections and Subsequent Interactions along the Continuum
 - ▶ Do your research
 - ▶ Ensuring Strategic Fit
 - ▶ Generate Value
 - ▶ Manage the Relationship
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The NonProfit: Philanthropic Mission


- ▶ Access to Funding
 - ▶ Cost Savings
 - ▶ Economies of Scale and Scope
 - ▶ Synergies of Complementary Capabilities
 - ▶ Learn to be more competitive, customer-driven, results and market oriented. (Osborne & Gaebler, 1992)
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The For Profit – The Pet Tiger


- ▶ **Profit Maximization**
- ▶ Viewed by some as superficial attempts to portray a philanthropic façade and appease stakeholder pressures (Sethi, 2003)
- ▶ Also described like a “biological symbiotic relationships”, a mutual dependence (Hawley, 1950)



For-Profit Benefits

- ▶ **Social Legitimacy** (Suchman, 1995)
 - ▶ **Competitive Advantage** (Harrison & St. John, 1996)
 - ▶ **Enterprise Survival** (Freeman, 2000)
 - ▶ **Articulating the location of innovation**
(Chesbrough, 2003)
 - ▶ **Access to more and more diverse business partners, leading to an increase in innovative ideas** (Faems, et al. 2005)
 - ▶ **Culture building/Employee work satisfaction**
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For-Profit Characteristics

- ▶ Profit Maximization (Marketing Budget)
 - ▶ Tend to Move Faster
 - ▶ Negotiations Differ
 - ▶ Accountability Issues are different
 - ▶ Usually have less to loose
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Contract Consideration



- ▶ CLEARLY Define Roles and Responsibilities
- ▶ CLEARLY Identify Goals
- ▶ Equation of how to share profit/handle losses
- ▶ Avoid Excessive Private benefit:
 - NPO not issue guarantee or reserve against losses of FPO, or indemnify losses of FPO

Other Contraction Considerations

- ▶ **Discourage Commercial Exploitation:**

“If any of the parties encourages commercial exploitation of the Collaboration for profits then the contract will be void and the said party will be held responsible for the breach.”

- ▶ **Exit Strategy/Term:**

- ▶ **Conflict Resolution Strategy:**

Thank you.

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