



# The partnership principle

Collaborating with competitors for greater impact



**F**undraisers across North America have every reason to celebrate. Charitable contributions reached record levels in 2014 in Canada<sup>1</sup> and the United States,<sup>2</sup> moving both markets beyond the highs established before the 2008 crash.

But the good news comes with a significant downside, because these frothy financial results are founded on an unsustainable basis of weakness and decline. The unfortunate reality is that fewer donors are giving to charity while the total number of charities has exploded. In other words, we have a shrinking donor base and increasing competition.

The data clearly reveal that the number of donors in the U.S.<sup>3</sup> and Canada<sup>1</sup> has dropped steadily since 2005 to 2006. Even more sobering, the percentage of eligible tax-filers who make contributions has dropped precipitously in the U.S. since 2002 and has tanked in Canada since 1990, as shown in Figures 1 and 2.

Against this backdrop, the number of charities has increased sharply. In both Canada<sup>4</sup> and the U.S.,<sup>3</sup> competition for the charitable dollar has grown by 30 to 40 percent over the past 10 to 15 years.

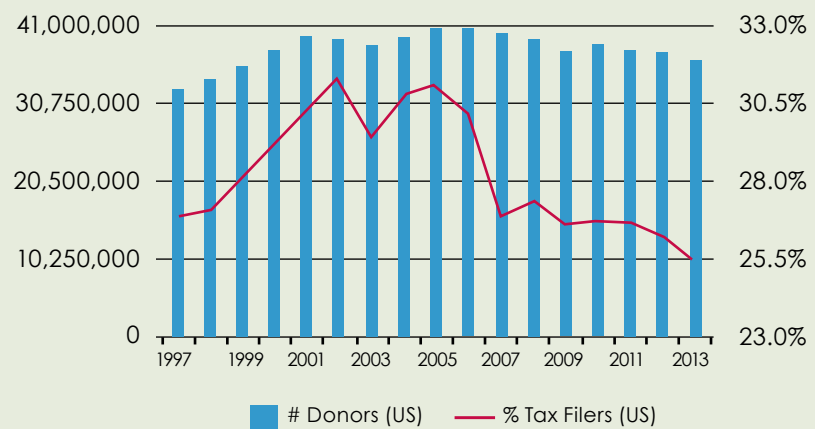
Consequently, it appears that the only option for fundraisers is to adopt a traditional stance toward a competitive market: fight each other over scarce donors and a diminishing market share. But the inevitable result will be to drive many charities toward zero and produce a less equitable distribution of funding for the diverse communities and families AHP members serve.

### From competition to collaboration

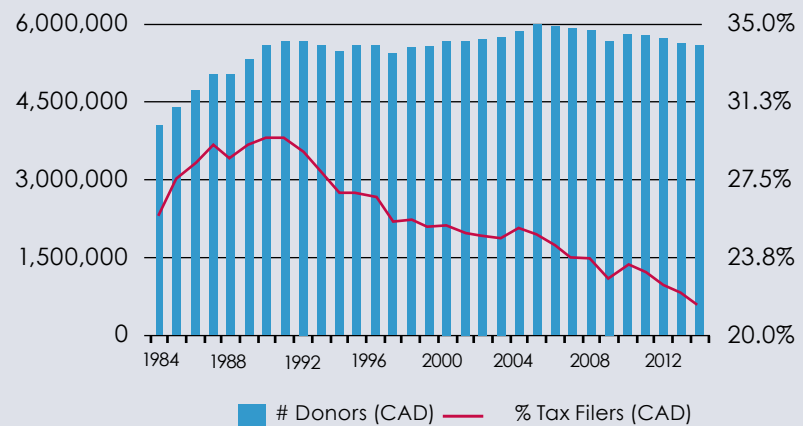
What if there's a way for competitors to become collaborators, smoothing the friction between foes and delivering enhanced value for all?

- Value for the donor making the investment.
- Value for the families and communities who access initiatives undertaken.
- Value for former competitors, who are now collaborators.

**Figure 1. U.S. Charitable Giving: # Donors and % Tax-Filers Giving**



**Figure 2. Canada Charitable Giving: # Donors and % Tax-Filers Giving**



Surprisingly, true collaboration in fundraising has been slow to take hold, but the experiences of a few organizations around the world—including our own—have shown it to be a useful approach for driving revenue growth and could reframe how health care charities can prosper in the evolving philanthropic marketplace.

### Case in point: Ted Rogers Centre

A landmark in Canadian health care philanthropy was established in November 2014 with the founding of the Ted Rogers Centre for Heart Research (TRCHR) in Toronto.

Its bold ambition: to transform and dramatically improve the future of heart health for children, adults and their families.<sup>5</sup> Another bold move: the unprecedented partnership between three world-class institutions that typically compete for donors and dollars.

The Hospital for Sick Children (SickKids), University Health Network (UHN) and the University of Toronto (U of T) came together to secure the largest private donation in Canadian health care history—\$130 million Canadian dollars—and to supply matching funds to launch TRCHR, which has a goal of reducing heart failure by 50

percent in the next decade. As part of TRCHR, the institutions now collaborate on a range of activities from their home turf (all are situated on a few short blocks of University Avenue in downtown Toronto) and office space was added for the TRCHR directorate.

SickKids, UHN and U of T each raise in excess of \$100 million annually—often chasing the same donors and sometimes succeeding at the expense of the others. After Canadian telecommunications pioneer Ted Rogers died in 2008 from heart disease, his family wanted to honor his drive for innovation by advancing the development of heart health therapies. They asked the three institutions to join forces and submit a compelling proposal—and months later, the TRCHR was born. Each institution contributes its unique expertise: genetic medicine for SickKids, translational cardiac research and computing for UHN and bioengineering for U of T.

Mansoor Husain, M.D., executive director of TRCHR, describes the partnership as “unique,” allowing the Ted Rogers Centre to take steps that no freestanding research center could attempt. “Through this collaboration, we can truly address heart failure throughout lifespan, from children to older adults,” he says, “and truly leverage the depth and expertise in basic science and engineering to innovate in health care.”

## Lessons lead to ‘partnership principles’

Negotiations and planning for TRCHR took nearly two years and the efforts of many. The core team consisted of six people from each institution: a total of 18 executives, advancement officers and scientific leads. As we brainstormed ideas to develop this transformational partnership in heart health, key principles emerged (summarized in Table 1).

The TRCHR is an example of

a successful partnership between competitors can accomplish, it provides key considerations about how to approach, build and execute a new relationship among fundraising agents.

### Principle 1: Origin of the partnership

Although there is no right or wrong way for a partnership to originate, the origin defines how the partners are selected and the freedom each participant has.

The key to successful partnerships is having complementary competencies—strengths that supplement rather than compete.

a *transactional* partnership model; it’s not a fundraising collaboration but instead a way of maximizing a one-time gift. Partnerships also can be *project-based*—working together with other groups for a specific period to achieve an objective, or be *joint campaigns*—a group effort to raise funds. And although the TRCHR is but one example of what

**Vision.** A partnership sparked by a vision—a sense of what is possible or a defined objective—tends to provide the most latitude and autonomy. For example, Bill and Melinda Gates’ vision to make fresh drinking water and affordable sanitation available in developing countries led to the Gates Foundation’s “Reinvent the Toilet

**Table 1. Characteristics of the Five Partnership Principles**

Origin	Implication	Outcome
Vision	Market determines partners	Meritocracy—best partners emerge from field
Donor	Partners chosen for you	Limited autonomy—yet high motivation to succeed
Fundraising Executive	Choose your own partners	Freedom—yet challenge to engage partners

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Challenge” in 2011.<sup>6</sup> The foundation clearly articulated its goal but put few parameters around fulfilling it, calling for the world’s best and brightest to take up the challenge. One result was widely broadcast last year when Bill Gates drank a glass of water converted from human feces; the processor that turns waste into water, electricity and ash was invented using Gates Foundation funds.<sup>7</sup> Other researchers continue to work on sanitation improvement ideas.

**Donors.** When donors initiate a partnership, the collaborators may have limited flexibility but tend to be highly motivated to succeed, as in the case of the TRCHR. SickKids, UHN and U of T were simultaneously soliciting the Rogers family to support different projects. Instead, seeing potential that the competitors did not immediately recognize, this visionary donor asked all three institutions to come together and address the condition that ended Ted Rogers’ life.

**Fundraising executives.** Although fundraisers probably have the least power to launch a partnership, they tend to have abundant optimism and a strong sense of what is possible. An example of such an effort is the partnership among SickKids, the Children of Chernobyl Canadian Fund and the Ukrainian Canadian

Congress to launch a pediatric fellowship program that teaches high-demand skills—primarily in neurosurgery—to physicians from Ukraine.<sup>8</sup> All groups were very willing to take part, without the wariness that sometimes occurs when competitors try to collaborate. To avoid mistrust or unease, it’s important for each organization to participate equally in developing the partnership’s form.

### **Principle 2: Algebra of partnership**

The basis of any successful partnership—whether in fundraising or romance—is to define the mutual benefit to each party. The fundamental algebra of partnership is simple:  $1 + 1 = 3$ .

If partners cannot “find the 3,” there’s no sense in proceeding because a partnership will be valued only if every stakeholder understands the benefit. David Palmer, vice president of advancement at U of T, notes that “complex partnerships are not virtues in and of themselves; partnerships are virtues only if they allow institutions to work together for greater scale and impact.”

The actual process to “find the 3” takes time, careful consideration and very hard work. Ted Garrard, president and chief executive officer of SickKids Foundation, says the

greatest challenge in establishing TRCHR was “aligning the three partners and identifying how the unique strengths of each could be brought to bear on the proposed new center. This proved more time-consuming than we originally expected and involved a lot of give and take.”

To “find the 3,” it is helpful to consider:

- How the donor’s investment will have greater scale and impact by investing in the partnership rather than in one partner alone.
- How the work delivered through the partnership will have greater scale and impact than if it were delivered through any partner alone.
- How the fundraising partnership will capture more market share, profile and revenue than one partner could capture alone.

### **Principle 3: Values of a successful partnership**

Values lie at the heart of any relationship. Those to keep firmly in mind are:

**Transparency.** A leading Canadian philanthropist is fond of remarking that “there are no secrets between partners.” The power of these words to defuse a tense room and accelerate a stressful partnership negotiation is almost magical—but only if the partners are honestly

committed to them. Removing the impediment of hidden agendas by simply, plainly and honestly addressing the challenges and opportunities of the partnership allows transparency to become the operating principle and lays the foundation for trust.

**Shared risk/shared reward.**

To be motivated to drive toward larger reward, each partner must have something at risk and to gain. However, the potential risks and rewards do not need to be equal. Partners come in all shapes and sizes; rarely will contributions, costs and benefits be shared equally.

**Leadership.** Any new venture requires consistent, engaged leadership—especially true when developing a partnership with a competitor. In a sector where staff turnover is high, the leader assigned to the partnership must be on board for the entire process. It's also important to engage all sides of the partnership in leadership roles so continuity is maintained through negotiation and implementation.

**Tolerance for ambiguity.**

Ventures involving partnerships are bound to have unanticipated delays, setbacks and uncertainties, so tolerance for ambiguity is essential. Think of a protracted major gift negotiation, in which the outcome is clearly desired but the path forward is rarely well defined. The same patience and attention that fundraisers show donors are necessary with potential fundraising partners.

**Principle 4: Common stumbling blocks**

The impediments to a successful partnership, which are numerous and not always obvious, include the following:

**Culture.** Because culture is difficult to define and naturally

varies across different development shops, culture challenges are subtle. You must understand what your partner considers valuable and important, just as you would strive to grasp the personality and motivations of your next major giving prospect. A good partner will work patiently and carefully, as with a donor, to find the right pathway to success.

**Size.** If one shop is larger—with higher revenue, a bigger team, more resources and a prominent brand—then a small shop may feel threatened or overwhelmed. In some cases, the smaller shop might fear that the partnership is merely the disguised prelude to a takeover. On the flip side, larger shops may disregard the unique contributions the smaller shop can provide—particularly when the small shop has a focused mandate to engage supporters dedicated to that specific area. Through inattention—if not arrogance—the larger shop can overlook and devalue the partnership potential in front of it.

**Personality.** Although

organizations are larger than the people who lead them, leaders drive the organization's culture, provide the "face" shown to potential partners and typically are responsible for negotiating the partnership terms. However, leaders are as diverse as the communities they serve. Some leaders naturally extend the hand of partnership because all they see is opportunity. Others are skeptical and must help create the conditions for success before they'll feel confident that failure is less likely than success and its benefits.

**Money.** In forming a new partnership among competitors, concerns about money come up immediately. Who counts what? Who controls what? Who receives what? And who recognizes what? Underlying these questions is the larger, often unspoken fear: "Don't steal my donors!" If you reflect on the fundamental value of the partnership—to "find the 3"—then the issue of money simply becomes a measure of how large the upside can be for each partner. When considering a fundraising



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partnership with competitors, remember that money is the means by which something is accomplished, not the end in itself.

### The path ahead

The key to successful partnerships is having complementary competencies—strengths that supplement rather than compete. In health care, for example, the most obvious opportunities for fundraising partnerships are the following:

#### Disease-based charities and health care charities with a specific

interests of the disease-based charity's supporters and the broad interests of supporters for the hospital's wide range of programs.

**An academic partner allied with your institution.** Although many academic health centers support robust educational programs through clinical residencies, research fellowships and other programs, they can't confer degrees on students. And the academic institutions granting degrees do not offer clinical care to patients. Think of a partnership between a state university with a robotics lab

hospital to support health across the life span. The general hospital may very well treat children, but the fact remains that the pediatric hospital specializes in children and does not treat adults. The key lies in profiling the difference clearly to the market and emphasizing why this difference is precisely the reason that a partnership makes sense.

Tennys Hanson, UHN vice president and chief development officer, says, "For UHN, partnerships are now another arrow in the quiver of our fundraising strategies. Partnerships might even be a preferred path—but only for larger gifts that address complex problems."

Partnerships between charities are not a panacea, but rather a valuable tool to address a certain set of circumstances. It remains with each charity to consider its own context and determine when and where the partnership path is appropriate.

U of T's David Palmer identifies three elements that can be extremely helpful in building a partnership:

- Disciplinary excellence in the topic that needs to be addressed.
- Enabling and collaborative structures already in place, such as jointly appointed faculty, that can be leveraged among partners.
- The presence of champions in each partner institution to drive the initiative forward.

These champions, which Palmer calls "the most critical element," can be clinical leaders, scientists or fundraising executives, but they must have passion for the mission and the credibility to engage key stakeholders in support of the partnership's larger vision.

Reflecting on the value of partnerships, SickKids chief executive officer Garrard says, "Rather than having to work

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**expertise.** What if the health care charity has a service line supporting a certain type of patient and the disease-based charity has direct funding for research and education programs? For example, an autism charity that advances education and research might partner with a hospital that provides clinical programs for people with autism. This integrated model presents a powerful proposition to take to market and will interest many donors—both the homogeneous

in its engineering program and a health care center developing novel surgical interventions. By working together, these institutions could attract new donors, emphasizing ways student talent developed in the lab—from undergraduate to post-doctoral—can translate to surgical advancements.

**A direct competitor across town.** This scenario works best when the differences between partners are clear at the outset, such as a pediatric hospital partnering with a general

with multiple institutions, donors can directly interface with the partnership.” He also cites these benefits:

- Achieving economies of scale by bringing together each partner’s assets and strengths.
- Obtaining new resources through a transformational gift that one partner alone would not have been able to obtain.
- Building on each partner’s strengths to achieve better health outcomes—and great benefits to society as a whole.

Of course, work supported by a partnership will not be successful unless donors are motivated to invest—which is why you must clearly articulate the donor benefit when building your next partnership opportunity. 

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**Grant Stirling, Ph.D.**, joined the Ann & Robert H. Lurie Children’s Hospital of Chicago Foundation on Aug. 1, 2016, as executive vice president and chief development officer. Previously he served as chief

development officer at SickKids Foundation in Toronto, where he was responsible for planning and managing the \$1 billion comprehensive campaign for SickKids.

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