BC CENTRE FOR EMPLOYMENT EXCELLENCE

Partnering for Change

Best Practices for planning, managing, and improving contractor and sub-contractor collaborations

The changing needs of clients, government and society are transforming the way governments, businesses and non-profit organizations work. To remain innovative and responsive to these shifting priorities, increasingly complex social problems and competition for limited resources, organizations are finding that partnering and working together collaboratively is a powerful way to achieve success and efficiency.

Marg Lourey, from the HOPE Project in Australia said, *"The better the relationships between providers, the more opportunity for timely assistance and support."* The benefits of partnerships are multiple and well-discussed, including expanding the reach or range of services. However, there can

be challenges to collaborating, including the challenge of managing a large number of sub-contractors, all with their own mission statements. Good client service delivery depends on a cooperative collaboration between all partner agencies.

Given the importance of strong partnerships and collaboration in impacting employment outcomes, the BC Centre for Employment Excellence has put together this resource to support organizations in their partnerships and collaborations. More specifically, this resource focuses on best practices for planning, managing and improving contractor and sub-contractor collaborations. It aims to help spark discussions among new and existing partnerships.

> ## "Ultimately, the aim of collaboration is to achieve the best possible outcome for clients."
>
> *HOPE Project, Australia National Employment Services Association (NESA)*

While this guide is designed to provide service providers with useful information to create or improve contractual relationships between nonprofit organizations, the information is useful for other types of agencies involved in collaborations.

The tool addresses the following questions:

(1) How do you build trust within a contractor/sub-contractor partnership?

(2) What should be included/excluded from these contracts?

(3) What can managers do to help ensure a successful partnership?

(4) What can managers do to intervene if the partnership fails?

(5) How do partnerships help organizations achieve their intended impacts?

Understanding Contractual Relationships in the Nonprofit Sector

A recent study conducted by **The Bridgespan Group** and **The Lodestar Foundation** explores formal nonprofit partnerships. **Making Sense of Nonprofit Collaborations** presents four types of formal nonprofit collaborations and places them on an integration continuum, from less integrated partnerships (associations and joint programming) to highly integrated collaborations (shared support functions and mergers). Figure 1 shows the four approaches and provides a brief description of each type of partnership and its intended outcomes.

The study's authors surveyed 237 nonprofit CEOs and 101 foundation officers in the United States in order to understand the frequency of collaborations between nonprofits, what has been working and what are the challenges facing these partnerships. The study found that **nonprofits are most likely to engage in less integrated forms of collaborations,** such as joint programming and associations.

This is in part because:

▪ Short term partnerships are more workable in the nonprofit sector where funding may be secured over a limited time period; and

▪ Less integrated partnerships allow organizations to get to know each other and determine whether long-term collaborations are feasible.

Yet, nonprofit CEOs also reported that **less integrated collaborations** were the **most likely to fail**, compared to more integrated partnerships. What's the connection?

▪ Organizations are asked by their funders to enter into short-term contracts with organizations that are mismatched; and

▪ There are not enough resources (time, money, or staff) for the initial planning phase, even if funder support is present.

Figure 1   Type of formal nonprofit collaborations and intended outcomes

ASSOCIATIONS

Associations refer to a formal agreement between two (or more) organizations that work together over an extended period to achieve common goals.

Examples include coalitions and collaboratives.

Organizations maintain separate service delivery and governance.

JOINT PROGRAMS

Joint programs refer to a formal collaboration between two (or more) organizations over an extended period for the delivery of programs.

Organizations maintain separate service delivery and governance structures.

SHARED SUPPORT FUNCTIONS

Shared support functions describe partnerships where administrative functions (such as accounting, HR, IT) or office space are shared between organizations.

Contracts are developed (or third parties are hired) to manage shared administrative services.

MERGERS

Mergers are the most integrated forms of collaboration, where the governance of distinct organizations are legally linked.

Organizations may be integrated into a single entity, may establish an affiliate or subsidiary, or create an entirely new entity.

Less integration ——————→ **More integration**

Intended Outcomes

ASSOCIATIONS
(1) Develop a stronger, more effective voice
(2) Expand the reach or the range of services
(3) Improve the quality of services/programs

JOINT PROGRAMS
(1) Expand the reach and/or the range of services
(2) Serve more or different clients
(3) Improve the quality of services/programs

SHARED SUPPORT FUNCTIONS
(1) Maximize financial resources
(2) Achieve administrative efficiencies
(3) Stabilize financials
(4) Improve quality of services/programs

MERGERS
(1) Expand reach or range of services/programs
(2) Achieve administrative efficiencies
(3) Serve more or different clients

10 Key Factors to Ensure a Successful Partnership

Every partnership is unique. Every organization has its own reasons for entering into a partnership and expectations from the partnership. These 10 key factors can help organizations plan for a successful partnership.

Matching Organizational Culture and Values

1. Prospective partners should have a **common purpose and vision**
2. Partners should have a **similar ethos** and **shared values**

Respecting inter-organizational differences

3. Partners should have a clear understanding of the other's **service obligations**
4. Partners should adopt a **client centred approach** for their collaboration
5. Partners should agree on and work towards a **united approach** by focusing on **mutual interests**

Managing the partnership

6. Partners should be willing to spend **time and resources** planning their collaboration
7. Partners should include **long-term thinking** in the planning phase (what are the long-term goals for each organization and for the partnership)
8. Staff managing and implementing the collaboration's components should have **expertise and experience**
9. Partners should strive to foster **clear and effective communication**
10. Staff involved in the partnership should be **flexible** and **solutions oriented**

Sources: Hope Project, NESA; Capital Ambition (2011)

3 Key Steps for Contract Management

A Contract or Memorandum of Understanding is useful to administer and support good collaborations. This section reviews three key steps for contract management in contractor/ sub-contractor relationships. Following good practices in three key phases of contract management is essential to ensuring a successful collaboration. Below are some important conditions for implementing each of these three phases.

1. Effective Planning

Planning is the most important part of any contractual relationship. A well thought out and designed contract is the first and most crucial element to any contractor/sub-contractor relationship.

One of the most common oversights in drafting contracts is excluding individuals who will be responsible in the implementation or the management of the contract in the planning phase.

The contract defines the responsibilities of each party and binds them to a set of tasks. The best contracts are those that are **practical**, **effective**, and **workable** guides for all parties concerned. The contract should be as explicit as possible and should include specific information on:

- **Objectives**: A clear definition of the goals and the outcomes of the partnership (What is expected of the contractor? What is expected of the sub-contractor?)

- **Performance**: An agreed level of service standard and a mechanism to measure the contractor's performance against that standard. What happens if the sub-contractor does not meet this standard?

- **Staff**: Who are the people involved and responsible for delivering the various aspects of the contract?

- **Payment**: A pricing mechanism for payments (e.g., Are payments made by milestone or by deliverable? How is invoicing managed?)

- **Ownership**: Clarity about ownership of outputs, products, deliverables, and intellectual property that result from the contract

- **Location**: Where is the work expected to be done?

- **Information sharing**: What types of information can and need to be shared to do the work effectively? What are the restrictions, if any, in terms of security and confidentiality of information?

- **Risks**: What are the risks to the contract? Who is responsible for managing/mitigating those risks?

- **Sub-contracts**: What are the arrangements for sub-contracts (e.g. how should sub-contracts be managed/implemented, to what extent and on what basis should each party be involved in drafting sub-contracts)?

- **Conflicts**: What is the process for addressing disputes? Who will be involved?

Source: Capital Ambition (2011)

2. Managing the Contract

Once the contract is signed, the contract needs to be managed. Every contract should include a strategy for managing:

- **Performance**: Setting targets for the contractor that are Specific, Measurable, Achievable, Realistic, and Timely (SMART);

- **Relationship**: Fostering mutual trust, openness, honesty, and good communication, including clear lines of communication and accountability;

- **Risk**: Identifying and controlling the factors that can impact the terms of the contract. It is crucial that all parties, including the contractor and sub-contractors, share the burden of risks equally in order to foster trust.

Source: Capital Ambition (2011)

Having qualified and experienced people in place to manage and implement the contract is key to ensuring a successful partnership.

Studies have shown that effective staffing of qualified personnel can create stability and long-term team member interaction. Over time, their interactions helps build trust between partner organizations. This trust is important for addressing the challenges that can arise from delivering services and changing needs.

3. Intervening and Improving the Relationship

A key element in managing a contract is to identify early on any potential problem that could harm the collaboration between organizations. Any intervention should be goal oriented, targeted, and should focus on resolving specific issues.

Possible intervention techniques include:

- **Visioning**: Identifying and clarifying future directions, while finding common ground;

- **Process Managing:** Necessary when there are different expectations about how the contract and project should unfold;

- **Conflict Handling**: Resolved through interventions such as mediation or trust building.

Source: Gray, B. (2008)

Intervention should be seen as a way to increase the forces that motivate and support collaborations and to minimize those that prevent collaborations from occurring.

Motivating forces include:

- A need for knowledge generation and resources
- Incentives or mandates by funders
- New opportunities for partnerships

Preventative forces include:

- Perceived loss of control or constituent support
- Internal or inter-organizational conflict
- Mistrust and power imbalance between organizations

Resources for Managing Collaborations

Having the tools to implement your management strategy is as important as having a strategy in place. Effective management and good communication across multiple organizations can be tricky, but finding an appropriate project management tool can help streamline communication and facilitate collaboration. The following table provides a list of online project management software. Some are free-for-use, others have various payment options.

Asana https://asana.com/		Asana is an alternative to email, allowing for task management and communication between team members.
Google Home & Office http://www.google.com/intl/en/about/products/		Google Home & Office includes cloud sharing platforms such as Google Drive, Google Docs, and Google Sheets, as well as Google Calendar for managing deadlines and meetings.
Wrike https://www.wrike.com/		A real-time platform that includes project management and collaboration tools, including personalized dashboards, Gantt charts, and time tracker.
ActiveCollab $ https://www.activecollab.com/		ActivCollab offers a number of collaborative tools, including project and task management, time and expenses tracker, invoicing management, calendar, email, file management, and collaborative writing.

ProofHub 💲 https://www.proofhub.com/		All-in-one collaboration tool, including discussion forum, To-Do lists, project calendar, Gantt chart, file sharing, time tracking, and project management reports.
Zimbra 💲 http://www.zimbra.com/		Zimbra Collaboration is an open, secure online collaboration tool for email, calendaring, and tasks.
Mavenlink 💲 https://www.mavenlink.com/		All-in-one project management and collaboration software, includes advanced project management features; financial, resource, and timeline management.
Basecamp 💲 https://basecamp.com/		Basecamp is a project management tool designed to allow multiple users to share files, have discussions, collaborate on documents, assign tasks, and check deadlines. Basecamp runs on the cloud and is operable on Mac, PC, iPhone/iPad, Android devices and via email.

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