Collaboration

More than the sum of the parts
## Content

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>2</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>3</td>
</tr>
<tr>
<td>Collaboration</td>
<td>5</td>
</tr>
<tr>
<td>Networking</td>
<td>5</td>
</tr>
<tr>
<td>Strategic Alliance</td>
<td>7</td>
</tr>
<tr>
<td>Formal Partnership/Consortium</td>
<td>9</td>
</tr>
<tr>
<td>Joint Venture</td>
<td>13</td>
</tr>
<tr>
<td>Mergers</td>
<td>14</td>
</tr>
<tr>
<td>Case Studies</td>
<td>18</td>
</tr>
<tr>
<td>Quick Facts</td>
<td>20</td>
</tr>
</tbody>
</table>
Foreword

It's important to say loud and clear that the value to the UK economy of the Charity Sector, is over £12 billion\(^1\) and with 827,000 people employed in the sector (2.7% of UK workers), it is a significant contributor to the overall UK economy.

The Small Charity Sector represents an estimated 97% of the sector as a whole, for those who need help locally, it is more likely that this support will come from a small charity, with approximately 77% of small charities delivering local services and 15% of small charities delivering services regionally. Small charities are of vital importance to local communities across the UK, therefore it is clear that we must ensure, not that they as entities are sustainable, but that the work they do is sustainable and their knowledge of the local community is retained, valued and protected.

The FSI Small Charity Index has been collecting data from small charities across the UK for 33 months. We have been tracking trends covering income generation, service delivery, workforce and governance. A key finding has been that small charities are failing to collaborate in a meaningful way with only 19%\(^2\) collaborating effectively. This led to our decision to undertake more detailed research into the area of charity collaboration. Understanding why more small charities fail to collaborate, especially at a time when demand for the services they deliver is on the increase\(^3\), might give us the information we need to encourage more collaboration. More meaningful collaboration may be one solution to ensuring the delivery of local services by local charities, who most keenly understand local need.

Given the local nature of small charities it would seem more likely that they would have a common purpose, a clear understanding from the service user’s perspective, and a greater willingness and incentive to be part of a whole community solution to local need. Together, small charities can deliver the solutions to some of the most serious social problems facing us today. In isolation, they may be too small to take a potential solution forward or they might possibly only hold the answer to one part of the problem, through collaborating with other charities they may be able to deliver a whole solution.

The results of the research clearly indicate that small charities should seek out more meaningful collaborations (when they believe it is beneficial to those they support), whether that be engaging in strategic alliances, working in formal partnerships and joint ventures or even merging with other charities. We must be clear, the services provided by small charities are needed, now more than ever before. We owe it to those we support to explore every opportunity to make those services as effective as possible and above all sustainable in the future.

\(^1\) NCVO (2016) The UK Civil Society Almanac
\(^2\) The FSI (2016) Small Charity Index 11th Edition: Taking the Pulse of the Small Charity Sector
\(^3\) Demand for services has risen by 56% since June 2013 according to the FSI Small Charity Index (2016).
Executive Summary

More and more people are turning to small charities to solve some of the most difficult issues facing society today, whether that be the needs of children, young people or older people, whether that be homelessness, addiction, rehabilitation of offenders or the environment. Whatever the problem many of the solutions are held in the collective knowledge and expertise of smaller charities. It is therefore vitally important that small charities take the lead in sharing their knowledge and expertise.

Collaborating more effectively can not only help to solve social problems but can also facilitate efficiency, growth and sustainability. Through working together we can build a stronger and more able Small Charity Sector.

We acknowledge that collaborations are by no means easy, they can be delicate and complex to navigate, and when they fail can have severe consequences both on the services provided and the reputations and financial stability of the charities involved. Therefore charities who seek to collaborate must be clear on the social purpose for collaboration and take all steps necessary to ensure success.

This research looks at the different types (or levels) of collaboration. 708 charities responded to the research with 66% reporting some form of collaboration, leaving 34% undertaking no collaboration. Networking was the most common form of collaboration, with 90% of those responding taking part in networking activities. Mergers, not surprisingly, were the least common type of collaboration with less than 5% of those involved in some form of collaboration being part of a merger.

Five types of collaborations

Networking
By far the largest area of collaboration was networking, with 65% of respondents reporting undertaking some form of networking. Three quarters of charities undertaking networking activity reported that it helped them to make connections that were useful, increased their knowledge of opportunities available and raised awareness of their charity.

The research indicates that charities are networking with each other and similar organisations, but not significantly with other types of organisations as less than 50% reported ‘networking with the business sector’.

Strategic Alliances
39% of all respondents are taking part in a strategic alliance, with the majority of strategic alliances covering the delivery of direct services (72%). The research indicates that charities should be investing more time in developing strategic alliances as they have a greater benefit than the time commitment required to deliver them. It is worrying that only 54% of small charities working as part of a strategic alliance have a formal agreement in place to support the alliance. Ensuring that a formal agreement is in place at the start, before any intellectual property has been generated, before responsibilities and liabilities of partners has been agreed, and before the consequences of termination and ways of handling disputes have been negotiated is crucial to the smooth running of the strategic alliance.

Formal Partnerships
Just over a quarter of respondents were currently part of a formal partnership, with 20% of all respondents indicating that their charity had a history of working in formal partnerships.

Reasons for developing formal partnerships were predominantly (63%) developed to ‘better meet the needs of a shared beneficiary group’. However, financial benefits such as ‘better ability to secure funding/contracts’ and ‘funding bodies potentially favouring charities working in a partnership or consortium’ were also key drivers to forming formal partnerships.
Keeping the focus on why a charity is entering into a formal partnership is crucial and keeping the focus on improving support for beneficiaries is central to a successful collaboration. Being clear at the very beginning of the tangible and intangible benefits that all parties want to achieve is crucial, especially when formal partnerships appear to be an effective way of meeting the above drivers.

**Joint Ventures**

Only 6% of respondents reported to currently undertaking a joint venture, which is surprising as joint ventures are an established form of collaboration in the commercial sector. One reason for this may be that small charities are wary of entering into a joint venture (which is often project-specific) because of legal implications. Joint venture partners not only share in the benefits of the venture but also any potential losses brought about as a result of the venture.

However, with over half of those charities currently in a joint venture reporting that the most common benefit is 'greater financial reward', and the most intangible benefit was 'increased awareness of the charity,' it therefore seems appropriate to consider this form of collaboration seriously.

**Mergers**

**Charities Currently Part of a Merger**

A very small percentage of small charities, only 3%, reported being currently part of a merger. Mergers are more successful if they are done from the position of improving the outcomes for beneficiaries and from a position of strength, as 64% of respondents reported 'improved services to their user group' as a key driver. The low figure of small charities merging may be attributed to the perception that mergers are complex and often driven by financial imperatives. Four out of the five charities currently part of a merger reported the process to be complex. Whilst there is no doubt that mergers can be painful (they may entail letting go of things which have been and are important to a small charity), if by merging we are able to improve the outcomes for our beneficiaries, we have a duty to investigate their potential.

**Charities Currently Considering a Merger**

An even lower percentage of all respondents were considering a merger, only 2%, with almost all citing 'securing additional funding/increased sustainability' as a key driver.

**Conclusion**

Not enough small charities are committing sufficient resource to the development of significant collaborations when the benefits of doing so could prove vital to the continued successful delivery of services and improved impact on beneficiaries.

This may be due to limited resources, passionate but overworked teams\(^4\) or the reluctance of Trustees, who are themselves working in an ever increasingly challenging environment, to explore the possibilities and take opportunities that may carry a financial risk\(^2\).

The reality is that if we fail to collaborate we are at risk of losing sight of the end game a more effective and sustainable Small Charity Sector equipped with not only the solutions but also the resources to implement change for the most vulnerable in our society.

---

\(^4\) FSI Small Charity Index (11th Edition) reports workload as the main concern to small charity leaders.

\(^5\) FSI Small Charity Index (11th Edition) reports that 67% of trustees are not confident to take opportunities that carry a financial risk.
Collaboration

Do you currently work collaboratively with other charities?

From a total of 708 respondents, 467 (66%) said that they currently undertook some form of collaborative activity, which meant 241 (34%) reported that they did not collaborate at all.

Of the 66% of charities currently collaborating, the following forms of collaborative activities were indicated: networking, strategic alliance, formal partnership/consortium, joint venture and mergers.

A huge majority, over 90%, of those involved in some form of collaboration report to be part of a networking group. Mergers are the least common type of collaboration, with less than 5% either being part of or contemplating a merger.

Networking

Question 1:

What proportion of your charity’s time is spent networking at external events?

Of those who are part of a networking group, 63% spend less than 10% of their charity’s time networking at external events, while only 3% report to spend more than 30% of their time networking.

Question 2:

What type of networking events do you attend?

Of those who are a member of a networking group, 81% are involved in networking with other charities and 80% are also involved in networking with organisations in the same field. Less than half of small charities report to networking with the business community (47%) and with people of a similar staff position (37%).

Question 3:

What benefits do you get from your networking activities?

Small charities cited a number of benefits that resulted from networking activities, with over 80% selecting ‘making useful connections’ as one of their top three benefits, followed closely by increasing awareness of opportunities (78%) and raising awareness of the charity (75%). Networking to ‘influence others on behalf of the charity’ was the lowest valued benefit, with less than half of respondents (42%) selecting it as one of their top three benefits.
Comment

Benefits of networking by type of networking

When further analysing the reported benefits by type of networking, the top three benefits are reflected in networking with other charities and with organisations working in the same field. However, a higher proportion of those charities who network with ‘the business community’ and ‘people who hold a similar staff level’ report ‘influencing others’ in their top three benefits.

Case Study: Networking Group

Part of the FSI training event I attended was to network with other attendees, it’s a platform to get to know the charities there and what they’re doing. I found there is a common theme of experience in the industry, it’s better for small charities to work together. The event provided the needed introductions for each other. Especially for us, there is one charity based in Leeds who I met at the training and we’ve been wanting to work with that charity. The outcome from that is we’re now going to have a meeting for a bigger project. Turned out that charity needed it too, they have a different remit but needed to achieve something for a new scheme, and to bid for it they needed a strong element which happened to be our speciality.

The results from networking means we will be able to provide a better service. There’s an element of preparing beneficiaries into employment, we usually have workshops and work placements, other organisations can also put in leadership and professional mentoring as they have that pool of people who would like to mentor and to take under their wing. We have the beneficiaries and they have the added value to bring to it. The charity’s staff have gained skills, knowledge and expertise in trying to put a pitch together for corporate partners. On one of the outcomes, we welcome the bonus that we have bigger partners and possibilities for future projects.

I recommend small charities should check out the support available and attend FSI training and other networking opportunities as there’s a lot of chances for networking. People who attend these workshop are similar to those you work with. We have a quality interaction which is more purpose driven with like-minded people, and is more proactive.

Jessica Thompson, PATH Yorkshire
Strategic Alliance

Question 1:
What proportion of your time is spent delivering against the objectives of the strategic alliance?

Of those reporting to be working in a strategic alliance, 59% spend less than 10% of their time on delivering against the services of the strategic alliance. Just over a tenth (11%) of small charities spend a significant proportion of their time (more than 30%) delivering against the objectives of the strategic alliance. Question 2:

What proportion of your services are covered by the strategic alliance?

Over half of respondents (56%) indicated less than 10% of their services are covered by the strategic alliance, while only 16% indicated that the strategic alliance covered a significant proportion of their services, of more than 30%.

Comment

Proportion of time spent vs. proportion of services covered

There is a strong positive correlation between the proportion of time spent on delivering and the proportion of services covered by the strategic alliance (0.7). 89% of those who report to be in a strategic alliance spend an equal amount of time or less delivering against the strategic alliance to the proportion of services covered. This demonstrates that being in a strategic alliance may provide more return in terms of services covered than input required. It also shows that the more time spent on delivering through a strategic alliance, the higher the proportion of services covered.

Question 3:
What type of activity is covered by the strategic alliance?

With the types of activity covered by the strategic alliance, the majority of small charities stated it covers delivery of direct services (72%), followed by policy (26%) and marketing (19%).

Question 4:
How many charities are part of the Strategic Alliance?

Over 40% of strategic alliances are made up of only two charities, with the majority of the remaining strategic alliances (34%) involving six or more charities.
Question 5:

What formal arrangements have you put in place to support the strategic alliance?

Almost half of strategic alliances (46%) have no formal arrangement in place to support the strategic alliance. While in comparison, 42% of those in a formal partnership list having ‘written/formal agreements’ as a safeguard to ensure a positive experience. Of those with formal arrangements, a Memorandum of Understanding was the most common, with 28% reporting to have one in place to support their strategic alliance.

Question 6:

What are the benefits of being in a strategic alliance?

Small charities in a strategic alliance reported a number of benefits, with an ‘exchange of information and expertise’ most commonly indicated as one. A ‘wider reach of beneficiaries’ and ‘better use of resources’ were additionally regarded highly as benefits of being in a strategic alliance. One respondent explains how, “the strategic alliance has helped close loopholes, in areas where Somerset County can’t deliver the support, we have facilities and opportunities through the alliance to do that, so young people can benefit from services that would not have existed otherwise, such as getting into employment.” (Steve Baker, Somerset Rural Youth Project)

Case Study: Strategic Alliance

We’ve been working with another charity called TAG over the past 2 years, on a project called Water Works for Girls. They secured the funding but had no contacts in Kenya to develop the project, and so they contacted us to see if we were interested in working together.

This was a great opportunity as we would not have been able to access this level of funding without the other charity. We’re a very small charity and they’re bigger and have projects in other parts of world, but we work exclusively in one community in Kenya. We’ve been able to supply rain water harvesting in 3 schools, feeding programmes for vulnerable children, work on gender based violence, and set up an enterprise project which enabled 40 women to take out small loans to set up agricultural projects. Our work keeps girls in school, improves attendance and therefore attainment.

The strategic alliance has encouraged us to think bigger, allowed us to do more, and I think the experience of managing big projects will allow us to apply for further grants as we can demonstrate our ability to handle this. TAG secured a further year’s funding, so we’re entering the third year of the project, and have also secured funding for an IT centre in town, so there have been unexpected spin offs. In Kenya the relationship has definitely increased our charity’s profile, there’s more going on and we’ve reached a wider range of beneficiaries.

I think if two charities are working together they need to make sure they have the same aims and objectives, we’ve tried to keep lines of communications open all the time so we know what we’re doing. It’s important to talk things through carefully at the beginning, and make sure you’re heading in the same direction.

Jacqueline Quincey, Team Kenya
Formal Partnership/Consortium

Question 1:

Do you have a history of working in formal partnership/consortium with other charities?

A fifth of all respondents indicated that their small charity had a history of working in a formal partnership/consortium.

Question 2:

What were the drivers that led you to consider working in formal partnership/consortium?

Of those currently in one, a better ability to secure funding or contracts is the most commonly indicated driver of indicated by 46% of small charities. This was followed by a drive to ‘achieve shared aims or improve the service to beneficiaries’ (22%) and a ‘benefit from shared knowledge or resources’ (17%).

Question 3:

How long have you been in the current formal partnership/consortium?

Of those currently working in a formal partnership/consortium almost one quarter (23%) have been in it for over three years. The median amount of time for which they have been in the current partnership is 24 months. This suggests that the majority of partnerships last for a significant amount of time.

Case Study: Formal Consortia

We’re a member of formal consortia which works across Lancashire. The consortia has enabled us to offer better services, bringing together specific expertise we don’t have and working together to bring a stronger support service package. Contracts cover areas where we didn’t have a strong presence, so local partners can ensure services are locally focused. This approach also allows different activities to be brought in to add value to the contract, which is a benefit to the women we work with. We supported staff to develop strong networks and it has helped embed a multi-agency approach. We’ve benefited from training from other partners and helped other charities improve in areas like reporting, so lots of opportunities for skill sharing.

The consortia has been crucial to our survival. Up to three years ago we were smaller and focused on one area of the county. We were looking at contracts for larger areas and merging with other projects has enabled us to respond to that, otherwise we would have lost contracts and not grown but shrunk instead.

The work we’ve done in bringing together health partners received recognition. Commissioners recognised it as an effective model, and we developed a relationship with the health commissioner which is about them working with us to meet local needs. General growth from local to countywide has increased our profile nationally.

I think the consortia has kick-started a period of growth, but it has been challenging. We had to respond to how we manage growth and sustain, we had to be willing to share and receive with partners. It could be seen as competition to help them grow but we have to be willing to share, not be too protective and not view them as competition.

Liz Islam, Lancashire Women’s Centres
Question 4:

How many charities are part of the formal partnership/consortium?

The majority of those in a formal partnership/consortium (46%) report there are six or more charities involved, while 28% report to have two charities working in the partnership.

Comment

Number of charities in a formal partnership vs strategic alliance

When analysing the proportion of charities by type of collaboration they are involved in, this reveals that strategic alliances are used more often when only two charities want to work together, while a formal partnership/consortium is used more frequently when a larger number of charities want to work together.

Question 5:

What percentage of your overall activities is undertaken through formal partnership/consortium?

Almost 60% of those involved in a formal partnership/consortium deliver less than 10% of their charity’s overall activities through the formal partnership. Only 15% deliver more than 30% of their overall activities through the partnership.

Question 6:

What are the tangible benefits of formal partnership/consortium working?

There are a number of tangible benefits of formal partnership/consortium working, and an ability to meet the needs of a shared beneficiary group (63%) and exchange information and expertise (59%) are the most common tangible benefits reported. Improved services to beneficiaries and benefit from shared knowledge or expertise were also reported as two of the top three drivers of formal partnerships, which therefore shows how this type of working is effective in achieving its aims.

Benefitting from a ‘better use of resources’ (56%) and ‘wider networks’ (54%) were additionally highly rated by small charities.

Question 7:

What are the intangible benefits of formal partnership/consortium working?

Small charities working in a formal partnership/consortium were also able to report a number of intangible benefits. The perception that ‘funding bodies can potentially favour charities working in partnership/consortium’ is the most common reported intangible benefit indicated by small charities (62%), which is also the top driver of formal partnerships and is further evidence that these types of working may be effective in achieving their aims.
Question 8:

How has working in formal partnership/consortium affected your charity’s outcomes?

Of those working in formal partnership/consortium, almost half (44%) report reaching more beneficiaries as a result of the formal partnership.

Question 9:

If it has increased your sustainability please tell us how?

For those where the formal partnership/consortium has increased their small charity’s sustainability, 68% indicated that they have been able to access additional funding, with one respondent explaining, “we are entirely full-cost recovery grant funded and we would not have been able to access these funding streams without working in these consortia.”

Question 10:

If you’ve reached more beneficiaries please tell us how?

Where a formal partnership/consortia has helped the small charity reach more beneficiaries, many respondents have explained that this is a result of shared networks amongst partners which has allowed them to broaden their reach and raise awareness of their services, and this in turn has increased the number of referrals. Steve Baker from Somerset Rural Youth Project said, “by working collaboratively, SRYP has been able to engage with different target groups and bring more young people into the projects.”

Question 11:

If it has increased your ROI (return on investment) to your beneficiaries, please tell us how?

For those where the partnership/consortium has increased the ROI to their beneficiaries, small charities indicated that the additional resources have allowed them to widen their services or provide more in depth dedicated staff time to the beneficiaries.

Question 12:

Has working in formal partnership/consortium generated cost savings for the charity?

Just over half of small charities working in a formal partnership/consortium (51%) reported some form of cost saving, such as staff costs (12%), direct programme costs (11%) and direct programme salaries (6%).

Question 13:

If savings have been made, can you estimate by how much per annum?

Where small charities have stated that savings have been made, the median saving amount is £9,500 per annum.
Question 14:
Has working in formal partnership/consortium improved the experience for your beneficiaries?

Nearly three quarters (74%) of those working in a formal partnership/consortium reported an improved experience for their beneficiaries. When asked how, respondents explained they are able to provide an improved or more varied service with the added value from their partners. One respondent said, “some of our partners are able to provide support workers with specialist skills not held by our workers who can then enable us to deliver our services more effectively.”

Case Study: Formal Consortium

We developed a new strategic plan where the underlying message is “collaboration is everything”. The beneficiaries are our member organisations, and for them it’s about sharing the learning. A lot of activity is happening across the country, and we want to ensure there’s a much more joined up picture. We’re not particularly articulate as sector as a whole with what we want. With solutions and working together, we can have conversations internally and articulate our case better. At the end of the day we’re nothing without our members. When we see members engaging and signing up, it really motivates us.

We’re expected to know a lot of things on a lot of topics, but we can’t be experts on everything. The consortium supports learning around individual issues and enables us to better speak out on behalf of our members. The consortium is seen as the go to organisation for Government and Ministers, if we’re called in to Whitehall, our partnership work means we’re better equipped with a wider range to tools to use on behalf of our members. The consortium brokers new partnerships and strengthens current partnerships between member charities helping to build trust and confidence.

My main piece of advice is to think it through very carefully. We’ve got members with with little or no income and a few with incomes of £1M plus. and it is important to ensure that smaller organisations play as significant a role as those with larger incomes.

Question 15:
What techniques/behaviours do you use to build trust when working in formal partnership/consortium?

There were a variety of means that small charities employ to build trust in a formal partnership/consortium. ‘Regular communication or meetings’ (38%) and ‘openness, transparency or honesty’ (37%) were the most common behaviours used to build trust. One respondent reflected, “You have to be confident and have a good level of trust in the other organisations you’re looking to partner with, it might sound obvious but we have learnt our lessons! A partnership we led had seven partners, but during its life span there were 13 organisations and we had to park some who were not delivering targets.” (Angie Wright, Braunstone Foundation)

What safeguards can you put in place to ensure that the formal partnership/consortium experience is a good one?

The majority of respondents (42%) selected a formal, written agreement or contract as a safeguard to be used to ensure a positive experience of a formal partnership/consortium. On the other hand, almost half of all strategic alliances have no formal arrangement in place.
Joint Venture

Question 1:

Are you currently undertaking a joint venture?

Less than one tenth of all respondents (6%) indicated that they were currently undertaking a joint venture.

Question 2:

If yes, please describe the joint venture:

Of those working in a joint venture, the majority focused on the delivery of services (64%), followed by training (21%). For example, one respondent explains that their “Mission Employable [is] a joint venture with Starbucks Coffee to provide work placements for veterans and employment”.

Question 3:

What are the tangible benefits of a joint venture?

Of those currently undertaking a joint venture, nearly half of respondents (45%) report a greater financial reward while 32% report professional development as a tangible benefit.

Question 4:

What are the intangible benefits of a joint venture?

Small charities further highlighted a number of intangible benefits of working in a joint venture; almost 70% reported an ‘increase in awareness of the charity’ as well as ‘access to a new audience’ (61%) as an intangible benefit.

Case Study: Joint Venture

The joint venture was set up by the city council and involves three organisations. It’s useful, but we probably could have done without the joint venture. Staff across the different charities have different terms and conditions so running a service can feel disjointed.

We found it an eye opener when we talked about the lessons learned from the venture. We get the impression that it's potentially confusing for our beneficiaries, it might be better if one organisation were delivering, for clarity. For example, with the service we're thinking of creating for young carers, the branding has the other partners’ logos on it, and their work is aimed at other beneficiary groups (not necessarily young carers) so there’s a potential for confusion if it can’t align the brands. Fundraising can be another concern. If one charity goes out to raise money some of it might go to the other services, one of the partners might ask where their bit is. But there can be a positive side to funding, some may be able to apply for funding others couldn’t. For instance, we have a turnover of £1M plus, so can’t apply to the Lloyds Foundation but a smaller partner we're working with would be eligible and we could work together on the application.

This is one of our seven services, and we've got one year left to run on the contract and we’re not sure whether the council will put it out to tender, renew the joint venture partnership. However we do hope that they will take the opportunity to address the lessons learnt, and then bring that learning into building the best service for our beneficiary groups.

Anonymous
Mergers

Charities Currently Part of a Merger

Question 1:

What were the drivers that led you to merge with another charity/organisation?

Only 3% of small charities are currently part of a merger, and of those involved, the majority suggested that shared objectives, financial insecurity, more potential funding and ability to share resources were drivers that led their small charity to merge with another organisation. For instance, one respondent explained it would result in “[a] better funding opportunity, stability and less competition.”

Question 2:

What were the key challenges you faced during the process of the merger?

When questioned on the key challenges they faced during the merger process, respondents reported these were building trust, culture differences, staff reluctance and location issues. One respondent commented on “persuading all trustee boards of the efficiencies and benefits of the merger. As we have a large volunteer workforce it is difficult to encourage them to see the service as county-wide and to encourage movement between the offices.”

Question 3:

What have been the tangible benefits of the Merger?

Of those small charities that are the result of a merger, the majority (64%) reported ‘improved services for users’ as the top tangible benefit. This was followed equally by ‘enhanced combined skills’, ‘increased fundraising capacity’ and ‘reduced overhead costs’ (57%).

Question 4:

How confident are you that you will continue to see the above benefits over the next 3 – 5 years?

Respondents are fairly confident to see the benefits of the merger over the next three to five years. Over a third of respondents (35%) are over 50% confident that benefits will continue, while almost another third (29%) have between 41- 50% confidence that benefits will continue.

Question 5:

Who took the initiative to first propose the merger?

The majority of small charities that are part of a merger report that their Trustee Board took the initiative to first propose it (38%), followed by the organisation’s CEO (31%).
Question 6:
How easy or how complex was it to merge with the other organisation?

The majority of those charities in a merger found the process to be either not easy or complex (63%), while only a small proportion found it easy (18%).

Question 7:
What support did you put in place to manage the process of the merger?

A number of small charities put a form of support in place to manage the merger process, with 29% having an internal Project Manager or appointed Legal Advisors, and 12% had an appointed charity merger specialist.

Question 8:
What key piece of advice would you give to another charity who is considering a merger?

Four of the total five charities reporting a complex merger process said that they would recommend clear communication and clear roles or responsibilities as key pieces of advice they would give to other charities considering a merger. One respondent advises to “spend plenty of time learning about each other’s current organisations, decide what you are going to do about key issues such as pay differences [and] have a clear image of the new organisation you want to become.”

Question 9:
What was the approximate cost of the Merger?

11 out of the 12 respondents reported a merger costing less than £50,000, with over half of mergers (58%) costing less than £20,000.

Case Study: Merger

In 2013, Kennet Furniture Project and Refurbiz merged to form KFR. One sold reusable white goods, one sold furniture. The main reason behind the merger was to secure the future of the white goods side. Both had the same theme of work, shared 50% of board members, and a year before we merged we also shared premises. A lot of the time our beneficiaries were using both charities and now it’s a streamlined process for them.

We’ve lost staff since but that’s not specific to the merge. We’ve got new premises, been able to rebrand and get new uniforms. Reduced duplication is a huge cost saving and we don’t have twice as many people doing the same thing. The white goods side had a digital sales strategy which we’ve taken over to the furniture side so we’ve expanded the business on a digital platform, which hadn’t been done previously.

The biggest problem we had was that the merge had been in the pipeline for three years before it happened, and to get over stumbling block we secured a consultant to be the intermediary. We knew financially this was what we had to do and had to get staff to put their personal attachment aside, so an outsider helped push it along.

While all negotiations were going on, we fundraised to build a new website which meant when the paperwork was done we could get on with organising the publicity. We had a new logo straight away and instantly felt merged with a new premise, a new brand, and instantly a new team. It’s important to involve everyone; staff were given opportunities to input what the branding would look like, what name we’d have. Change is awful and good change management is essential.

Debbie Bentley, KFR
Charities Currently Considering a Merger

Of those respondents not currently in a merger, only 2% of small charities are currently considering a merger.

Question 10:
What are the main drivers leading charities to consider a merger?

A vast majority of respondents considering a merger reported securing additional funding or increasing sustainability as one of the top drivers (94%). Over 50% of those currently in a merger reported ‘increased fundraising capacity’ and ‘greater financial stability’ as a tangible benefit of being in a merger. This shows that those charities considering a merger may then benefit from becoming part of a merger and may meet their drivers.

Liz Islam from Lancashire Women’s Centres reflects, “it’s about supporting our sustainability, we see smaller services at risk of closure, so how we can ensure that support remains? We were concerned as they have specific expertise and it would be a real loss to sector if they closed. It could add value to our service and maintain what they do. So it’s about the wider sector and how to preserve key aspects of services. We’re keen to consider how to support them even if that means merging and bringing it in house.”

Question 11:
What are the qualities expected to be demonstrated during a merger?

Of those considering a merger, small charities indicated an expectation of transparency, communication and honesty as qualities to be demonstrated by both organisations prior and during the merger process.

Case Study: Considering a Merger

The merge is a bit on hold right now, we were looking at merging with a CIC. It’s a mutually beneficial thing, and would help both of our financial positions; they have fixed assets, a business-like approach, whereas we’re got a more charitable approach and expertise with writing grants. Between us we have different sources of income and this will make us more sustainable.

For both parties merging made sense financially, we both were in challenging circumstances, but this has caught up with us prior to doing the merger which made us press pause, so we’re not ready to go live any time soon. The merge will create different opportunities for people to learn from best practice, there will be different career paths with new roles coming about from it. We’re optimistic to the benefits for staff.

I think it would increase our presence in Somerset, an awareness of our services offered, increase visibility, broker new relationships, find different ways to develop relationships, and be innovative in different ways.

You need to make sure due diligence is given enough time to take place, and go into things with an open mind, we want to make it happen and work together. But you need to maintain a mind-set that it might not happen and that may be for the best as well.

Steve Baker, Somerset Rural Youth Project
Additional Case Studies and Quick Facts
Further Case Studies

Strategic Alliance

I founded the charity to work more closely with a local NGO in Tanzania so that’s part of the strategic alliance. The main part of the collaboration is to offer advice on what’s needed to help with poverty in the area. It’s about embracing the NGO in the country: their culture and village, and the fundraising takes place in the UK.

We’ve been able to deliver successful projects because the NGO have done the things we were doing before. They’ve already built an orphanage so they’re already well known in the area, and we were then able to carry out our projects quickly.

We get an understanding of a tiny village, a more personal and first-hand experience as we know the children and people. I feel confident when I talk to potential donors here in the UK as I have real understanding of who we’re helping. In Tanzania we’re not well known as we don’t promote our charity in the country but here we get positive responses from donors.

We’ve gone forward with every decision we’ve made with the NGO in mind, asking them questions before carrying out the projects, so all of it has been successful and we’ve not had issues with them.

You should try and not even mention an alliance at first if you’re considering one with another charity, just get to know the directors, learn about the projects, and talk to others for their opinion of the organisation. Then take a step back and have a think if you can work together. If you decide to, you should have a few measures in place. We have a collaboration agreement or a couple of contracts to understand that we’re both working towards the same goals.

It may not be perfectly aligned, we have differences with Tanzanian culture, so just make sure you can work with something different from your charity.

Eleanor Riley, Made with Hope

Formal Partnership/Consortium

Our partnership has meant that we’ve increased our funding levels, especially for our work with unemployed people and young people. We’ve also seen an increase in referral routes.

Our staff have been able to work in other parts of the city and county, this has allowed them to gain new experience. New roles have also been created and existing staff can go into the new roles to gain further skills and experience.

The partnership has given us an opportunity to diversify the projects we do. For projects we might not necessarily have got funding for by ourselves but being in a partnership has meant we’ve been able to bid for larger contracts and grants. For example, in one partnership called Talent Match, we provide the information, advice and guidance service as part of the wider project that goes out across the county. Without partnering up, we wouldn’t have been able to take up that part of the contract.

We managed three projects in the European Social Fund programme before; the first two were local to the area but as we had a good impact we were able to draw out a partnership across the city, so we led that consortium which definitely increased our profile.

You have to be confident and have a good level of trust in the other organisations you’re looking to partner with, it might sound obvious but we have learnt our lessons! A partnership we led had seven partners, but during its life span there were 13 organisations and we had to park some who were not delivering targets. From the outset you have to be confident, based on their track records and their reputation. Go into it with lots of knowledge of who you’re partnering and delivering with otherwise you may fail to deliver.

Angie Wright, Braunstone Foundation
Networking

We belong to Cobseo: Confederation of British Service Charities. Organisations collaborate to share information, ideas, best practice, and introducing fundraisers to initiatives.

We use this organisation as a lead for networking amongst members, it’s like a kite mark and a way of saying we belong to a standard. It shows funders outside the charity sector a hint of confidence and that we adhere to certain practices.

Information sharing means we get to hear things more quickly in the network. It’s useful from a government funding view, such as finding out about the available liable funds, but there’s stiff competition for money so it’s nice to know in advance what’s available. We couldn’t provide the service we provide without it; anything that enables us to raise more money, be more proactive, efficient and have impact and indirect impact.

It’s our organisation that’s a member of Cobseo, and from a leadership view it’s important my staff know that I’m in the know. It has a positive effect on them; that we’re part of an organisation that’s leading from the front.

You should be very careful from a reputation point of view if you’re thinking of becoming a member of a networking group, to me branding is everything. Before jumping into bed with another organisation you need to be certain they share the same values. If they don’t then don’t bother. I was naive to begin with, that building alliances with other charities early on would do more good. Two organisations I can think of are not involved anymore and I’m very glad of that and consider ourselves fortunate to have got away with it.

This also has an impact from the funding point of view, when making decisions to give money to a charity if it’s involved in another charity, you can’t control their brand and message – it’s not up to you what they say.

I also work a lot with Benevolent funds, each of the armed services have their own fund and being part of the network means we get to know new funding initiatives more quickly. It’s a lot of things I’d like to see more of and is better than nothing.

We’ve got the logo on our website, on our email signatures, it’s helped our brand and I can’t substantiate that, it’s just better as more people recognise the logo.

Anna Baker Cresswell, HighGround
Quick Facts

Collaborating

- 66% of respondents are currently involved in some form of collaboration
- Networking is the most common type of collaboration with over 90% of those involved in some form of collaboration taking part in networking
- Mergers are the least common type of collaboration with less than 5% of those involved in some form of collaboration being part of a merger.

Networking

- 65% of all respondents currently take part in networking
- 60% of those taking part in networking spend less than 10% of their time networking at external events
- Over 80% of those networking report ‘networking with other charities’ and ‘networking with organisations working in the same field as the charity’
- Less than 50% of those networking report ‘networking with the business community’ and ‘networking with people who hold a similar level staff position to me’
- Over 75% of those networking reported it ‘helps me make connections that are useful for the charity,’ ‘increases my knowledge of opportunities available for the charity,’ and ‘raises awareness of the charity’ in the top three benefits received from networking
- ‘Allows me to influence others on behalf of the charity’ is the lowest reported benefit
- A higher proportion of those charities who network with ‘the business community’ and ‘people who hold a similar staff level’ report ‘influencing others’ as one of their top three benefits of networking.

Strategic Alliance

- 39% of all respondents are part of a strategic alliance
- 59% of those in a strategic alliance spend less than 10% of their time delivering against the strategic alliance
- There is a strong positive correlation between the amount of time spent on delivering the strategic alliance and the proportion of services covered by the strategic alliance (0.7)
- 89% of those in a strategic alliance spend the same amount of time or less delivering against the strategic alliance than the proportion of services covered by the strategic alliance
- The majority of strategic alliances cover delivery of services (72%)
- Almost half of respondents have no formal arrangement in place to support the strategic alliance (46%)
- ‘Shared knowledge/expertise’ is the most common benefit reported by those in a strategic alliance (33%).

Formal Partnerships

- 28% of all respondents are currently part of a formal partnership
- 20% of all respondents have a history of working in a formal partnership
- ‘Better ability to secure funding/contracts’ is the most common driver for entering into a formal partnership (46%)
- The median amount of time respondents have currently been in a formal partnership is 2 years
- ‘Ability to better meet the needs of a shared beneficiary group’ is the most common tangible benefit reported by those in a formal partnership (63%)
• ‘Funding bodies can potentially favour charities working in Partnership/Consortium’ is the most common intangible benefit reported by those in a formal partnership (62%)
• 51% of those in a formal partnership reported some form of saving generated
• The median saving generated as a result of being in a formal partnership is £9,500 per annum (n=20)
• 74% of those in a formal partnership reported an improved experience for beneficiaries
• ‘Formal/Written agreement’ is reported as the most common safeguard to ensure the formal partnership agreement is a positive experience.

Joint Venture
• 6% of all respondents are currently undertaking a joint venture
• ‘Greater financial reward’ is the most common tangible benefit reported by those in a joint venture (45%)
• ‘Increased awareness of charity’ is the most common intangible benefit reported by those in a joint venture (68%).

Mergers: Charities currently part of a merger
• 3% of all respondents are currently part of a merger
• ‘Improved services to our user group’ is the most common tangible benefit reported by those in a merger (64%)
• 4 out of the 5 charities reporting a ‘complex’ merger process reported ‘clear communication’ and ‘clear roles/responsibilities’ as key pieces of advice they would give to other charities considering a merger
• Over 50% of mergers cost less than £20k.

Mergers: Charities considering merging with another organisation
• Of those not currently in a merger 2% are considering a merger
• 15 out of the 16 respondents considering a merger reported ‘securing additional funding/increasing sustainability’ as one of the drivers for considering a merger
• 8 out of the 16 respondents considering a merger reported ‘financial issues’ as one of the barriers stopping the merger from moving forward.