

INGOs of the future: Redefining the vanguard of corporate-nonprofit partnership

Bricolage, or tinkering in French, is an increasingly common term in social innovation circles, particularly in resource-constrained environments in which taking advantage of available ideas and frameworks is the de facto recipe for innovation. And what social innovator driven by a desire to create change doesn't like to tinker?

For the nonprofit sector, bricolage might involve identifying the forces that prevent systems change and realigning the actors and resources involved in addressing a social issue to optimize collaboration and impact.

FSG's Shared Value Initiative has been convening a group of leading international nongovernmental organizations to rethink, renovate and transform their approach to partnership with companies. In the spirit of bricolage, these INGOs are exploring practical, cost-effective ways to transform their relationships with corporate partners and, over the long-term, change the dynamics that hold outdated corporate-nonprofit relationship norms in place. As they do, they are asking bold questions, such as:

- How do we move from transactional relationships to strategic relationships with corporate and government partners?
- How do we invest in business model innovation in a climate that prioritizes low overhead above impact?
- Do our internal organizational structures and staffing promote and sustain effective partnerships?
- When will the rhetoric around "innovation" and "cross-sector collaboration" catch up with the reality? In other words, when will my job be easier?

Many of those INGOs share a set of common goals, including: enhancing revenue diversification and predictability, promoting resource efficiency, negotiating more strategic corporate partnerships, and leveraging shared value to drive social and business impact at scale. FSG's Shared Value Initiative recently launched a working group for INGOs to engage on these issues in a pre-competitive, collaborative environment, with the goals of exploring the internal and external pathways to creating shared value and expanding opportunities for creating these partnerships.

A lot of those INGOs in the vanguard of partnership innovation are taking a similar set of steps to realize these goals and overcome high opportunity costs to pursue innovation.

First, INGOs are rethinking their business models. While some INGOs generate significant revenue from individual and foundation donors, most are still dependent on public sector support and have little incentive to think beyond those traditional sources. Yet prescient INGOs realize that building shared value partnerships with companies opens new doors --- from revenue sharing to better valuation of advisory services to longer-term corporate partnerships. True business model innovation is less about tweaking the existing system and more about upending the traditional forces that hold INGOs in a position of relative weakness as a partner.

Second, leading INGOs are reconsidering and refreshing their internal organizational structures. How do those INGOs make the case for shared value partnerships to all employees from country and regional directors to the C-suite? Many of the INGOs are hiring staff with new skill sets, particularly those with deep private sector experience in fields from corporate social responsibility to research and

development. They are also rethinking cross-functional teams, developing a shared value plan for strategic corporate relationships, and training field-level and headquarters staff alike on shared value partnerships.

Third, leading organizations are investing in shared value measurement. While INGOs have long measured the social and environmental impact of their work and companies are expert at measuring business return on investment, the intersection of both social and business metrics is underexplored. INGOs in the working group have prioritized a simplified set of shared value partnership metrics for further exploration in 2015. Heifer International — a member of a Shared Value Initiative working group — has organized a community of practice focused on shared value measurement that is testing early social and business impact metrics.

To engage in more transformational corporate partnerships, INGOs are also exploring something quite novel: collaboration with their peers and erstwhile competitors. Identifying areas where interests overlap and different INGOs can work together with other partners can help accelerate genuine innovation and perhaps prompt additional exploration of nonprofit mergers and acquisitions. In the meantime, consumer products, finance and agriculture emerged as the top three industries of interest, among the top INGOs participating in the working group, according to a recent survey. General economic development, food security, financial inclusion — with an overarching focus on women — are the top three issue areas identified in the survey.

The next step is identifying how those issues and industry priorities align with the objectives of potential corporate partners.

At the coming Shared Value Leadership Summit in May, the Shared Value Initiative team will test industry and issue area priorities with corporate partners and map them. The resulting “hot spots,” or areas of overlap, will allow potential partners to explore linkages and begin conversations around specific social and environmental challenges. Likewise, the Initiative is in the early stages of developing a Shared Value Accelerator that would provide funding — with a corporate match requirement — to de-risk early corporate-INGO partnerships to address specific challenges.