

Working Together
Guiding Principles for
NFP & Private Sector
Collaboration



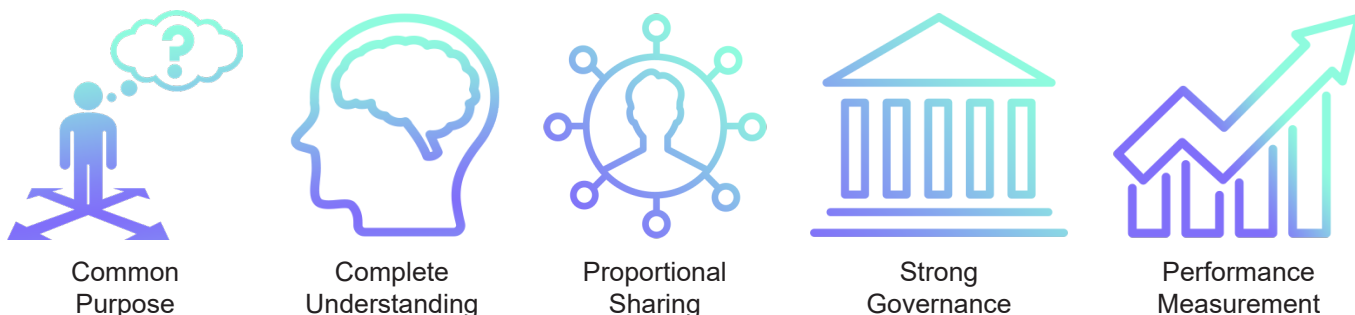
Supporting Collaboration

You do not have to look far to see the considerable amount of good work NFP organisations (NFPs) contribute to Australian society. They were on frontline of Australia’s unprecedented bushfire crisis, helping with food delivery, wildlife rescues and protection, and raising funds for those most in need. More recently, they have been assisting vulnerable individuals and communities - at home and abroad – impacted by COVID-19.

NFPs go to the *hard places* often overlooked by markets and overstretched governments. Committee for Melbourne (the Committee), as part of its broader mandate, has assumed a leadership role in Melbourne’s charitable and not-for-profit sector (NFP sector). The Committee’s activities in this domain are guided by a member-led NFP Taskforce Steering Committee; comprised of leaders operating within, or affiliated with, Melbourne’s NFP sector.

The Committee envisions a city that is collaborative, compassionate and inclusive as it embarks on its road to recovery. Such a vision would require cross-sectoral networks of individuals and organisations co-designing and implementing actions which help solve significant social and economic issues. Such initiatives could include creating employment opportunities for disadvantaged community members, connecting isolated individuals, assisting families caring for loved ones, ensuring there are enough services for those in crisis or equipping *all* children with the technology needed to learn and thrive at school.

To deliver such positive social outcomes, greater private sector investment and support would amplify the work of NFP organisations. By leveraging the unique assets of partnering organisations, including technology, expertise, networks and other resources, collaborative partnerships can capture synergies that are convenient for both or all parties. The Committee has identified five principles that would underpin a successful alliance between a NFP and private organisations.



To assist NFP and private sector organisations in their endeavours to develop collaborative partnerships, these principles are outlined in greater detail below.

Why NFP and private sector collaboration matters

Prior to the COVID-19 pandemic, the Committee released *Charitable Giving in Australia*; a report highlighting the social and economic importance of the NFP sector, as well as its challenges. The report recognises the vital cause areas the sector covers including, but not limited to, disability, education, environment, health, housing and homelessness, human rights, poverty and disadvantage. It employs around one in 10 Australians¹, and contributes 4.9% to Australia's GDP².

Donations in money and volunteering hours from millions of individuals, businesses and philanthropic organisations underpin the work of NFPs. The report notes that despite such generosity, the capacity of NFPs to deliver core services had become more challenging. Factors that may have contributed to this include stagnant wage growth and soaring living expenses; precipitating a decline in donations from everyday Australians. Furthermore, new and disruptive technologies have weakened the traditional means by which NFPs engage with potential donors and the community broadly.

COVID-19 has compounded many of these challenges. Despite demand for many services increasing during the crisis, the economic and financial fallout, combined with social distancing measures, has disrupted the flow of donations and the capacity of NFPs to deliver much-needed assistance to those who most need it. Raising funds may become even more difficult in the post-pandemic period.

This is a major problem for NFPs and the community. Despite the national economic recovery underway, the secondary wave of infection in Melbourne has exposed societal fault lines. A harsh light now shines on the city's inequality with citizens most impacted by the economic downturn being women, young people, older Australians and low-wage workers.³ As the economic crisis unfolds, already severe social issues are being amplified, including poverty, mental illness and domestic violence. More than ever, a strong NFP sector is needed to help address these formidable and sensitive social issues.

As the saying goes, with crisis comes opportunity. As Australian governments, businesses and communities chart a course out of the disaster, there is an opportunity to reimagine Melbourne and consider innovative ways for the NFP sector to help address the acute social challenges we face.

The time is right to inspire and galvanise people to act. Australia's bushfire crisis and COVID-19 has evoked collective feelings of sorrow and compassion for those directly impacted. For many individuals and organisations, the merging of individual and social needs has provided a sense of unity rarely seen under normal circumstances and provided the opportunity to express the best in themselves.

Greater collaboration between the private sector and NFP sector will be pivotal in realising this vision. More than ever, Melbourne needs businesses – particularly big businesses - and investors to make serious efforts in blending profit and purpose. Such leadership would help create jobs, strengthen social cohesion and improve the wellbeing of individuals and communities. Furthermore, organisations more closely integrated with society will likely build resilience; establishing loyal customer bases and creating new value, while simultaneously helping create a more robust and flexible economy.

Rather than prescribe methods of collaboration, five guiding principles have been identified to help encourage further engagement and collaboration between the NFP and private sectors in delivering positive outcomes. The principles are an acknowledgement that there is no 'one size fits all' approach and that each collaborative partnership should, and will, be unique to the issues that a collaboration seeks to address.

1. The Australian Community Trends Report: National Research Study 2017. McCrindle.

2. The Cause Report (2016). JB Were.

3. R. Wilkins, "Who's hit hardest by the COVID-19 economic shutdown?", *Pursuit (The University of Melbourne)*, 26 May 2020, <https://pursuit.unimelb.edu.au/articles/who-s-hit-hardest-by-the-covid-19-economic-shutdown>

Guiding Principles for NFP and Private Sector Collaboration



Guiding Principle 1: Common Purpose

Clarity of purpose helps ensure that the partnership has a strong identity and increases the chances of having a unique, positive impact on society.

The purpose and desired impact of the partnership will shape strategy and the operations that drive the partnership forward. It should be aligned and consistent with each partner's organisational mission and purpose. Partner selection is critical to ensure interests are aligned and desired impacts are agreed.



Guiding Principle 2: Complete Understanding

Understanding and agreement between partners on shared interests will help deliver social impacts and sustainable commercial returns.

Common goals, anticipated benefits, values alignment and behavioural expectations need to be identified and understood at the beginning of the partnership. A willingness to articulate any 'boundaries' that the collaboration is constrained by is important. Open communication, transparency and the cultivation of meaningful relationships will help achieve this.



Guiding Principle 3: Proportional Sharing

Willingness to share risks as well as assets, including networks and expertise, is essential to deliver desired results. Risk sharing should be proportional to the parties' capacity to assume risks without compromising or undermining their ability to deliver in other areas.

Creating a collaborative culture can help ensure that trust between parties grows, and that more is achieved with combined resources than what could be achieved alone. Failure to share will restrict the partnership's capacity to achieve its purpose.



Guiding Principle 4: Strong Governance

Systems that govern the partnership need to be established and exercised appropriately. Roles, responsibilities and the nature of the partnership need to be agreed upon before the partnership is formalised.

Formation of clear criteria for partnership based on responsible conduct, due diligence procedures and consideration of various risks is essential. Both parties will need to demonstrate accountability about their actions and activities. Again, proportionality in these procedures must be a consideration, especially if there are significant differences in the size, scope and resourcing of the parties seeking to collaborate.



Guiding Principle 5: Performance Measurement

Resources are required to appropriately evaluate the performance of the partnership, with metrics and measures agreed upon to evaluate the performance against the purpose and strategy.

Measuring and managing the partnership's performance gives leaders the ability to properly identify what is working and what is not, and how to improve overall productivity and impact.

About Committee for Melbourne

The Committee is an apolitical, not-for-profit, member-based entity that brings together over 130 organisations from greater Melbourne's business, academic and civic sectors, who share a common vision to make Melbourne a better place to live, work and do business.

As an independent organisation we represent no single interest group or political position, but seek to challenge conventional thinking and to develop innovative ideas to continue to enhance our position as an economically prosperous and highly liveable global city.

We would like to thank Committee members for their helpful comments and contributions.

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