

5 PARTNERSHIP PLANNING AND MANAGEMENT FOR SUCCESS

It is commonplace—and common sense—to argue that good planning and management are key to partnership success. But what do good planning and management entail in practice? In the corporate world, business plans are a vital tool for planning and management. They contain all critical issues that need to be considered when planning a business venture. Investors use them to assess the quality of planning and managers use them to evaluate the ongoing performance of their enterprise.

Donors and others have challenged social initiatives, including partnerships, to become more ›business-minded‹. The rhetoric, however, is often confusing. Its suggestion that partnerships should turn into businesses may be misleading. This is not only because »[m]ost businesses are mediocre« as Jim Collins notes.³⁵ Most importantly, it is because partnerships often pursue fundamentally different goals than mainstream business, requiring different approaches. Still, the admonition to become more ›business-minded‹ does make sense if it means that partnerships can profit from entrepreneurial innovation and from the adaptation of good business methods and practices—even though thorough approaches to planning and management have of course also been created and tested within the development community.³⁶ A good partnership business model and the corresponding business plan define:

- what goals and targets a partnership pursues;
- how it intends to generate the necessary resources for its activities;
- how it contributes to the stated goals;
- and how it allocates and controls resources.

By defining these elements, a partnership business plan works as a planning and management tool. If a partnership covers all of these aspects, it has reached a basic standard of good planning and management.

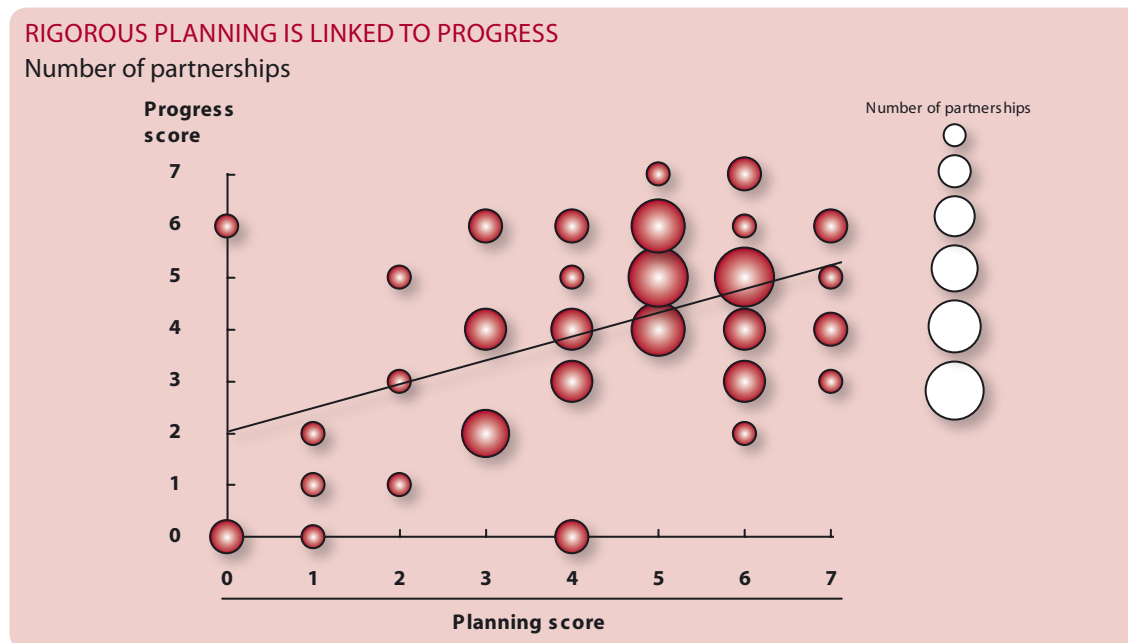
The empirical analysis used here employs these basic criteria to assess the quality of planning and management of locally driven partnerships. It finds that partnerships with better planning and man-

agement indeed show stronger signs of progress. But a significant number of the Seed partnerships lack formal as well as medium- to long-term planning. The analysis shows that when partnerships actively involve business partners, they are better at target setting, evaluation, and accounting. The involvement of experienced international partners is not particularly found to have positive effects on planning and management.

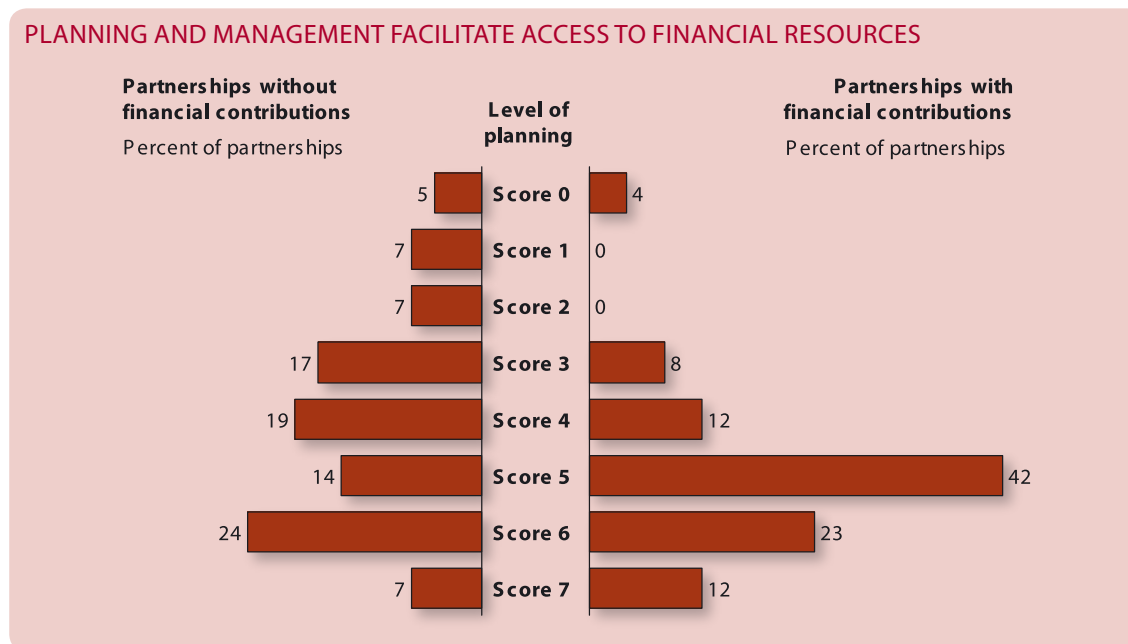
How can planning and management capacities within partnerships be encouraged and strengthened? For one, partnerships can draw more actively on the skills of their partner organisations, including their business partners. Alternatively, donors can encourage better planning and management by making their demands regarding their planning and management standards clearer. At the same time, training courses and manuals for partnership practitioners could focus more on strengthening partnership capacity in this area.

GOOD PLANNING AND MANAGEMENT FACILITATE ACCESS TO FINANCIAL RESOURCES

Good planning and management are often seen as important factors for partnership progress. But how strong is that alleged link in practice? This graph shows a clear correlation for the Seed partnerships between good planning and management on the one hand, and partnership progress on the other.³⁷



The experiences of the five winning partnerships suggest that good planning and management may be especially relevant for attracting external financial support. Thus, the two partnerships that have placed very strong emphasis on ›business-like‹ planning—*Cows to Kilowatts* and *Agua para Todos*—have been much more successful in attracting substantial new funding than the others. Another look at the quantitative data confirms that financial support may be connected to strong planning and management.³⁸



STRENGTHS AND WEAKNESSES OF THE SEED PARTNERSHIPS

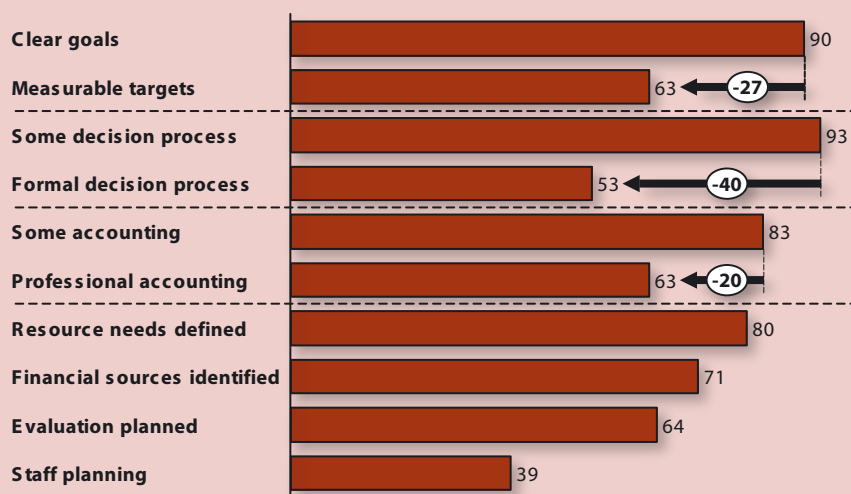
Good planning and management capabilities, not surprisingly, do seem to be a factor for partnership success. But—as the graph shows—the Seed partnerships show deficits with respect to some of the basic formal criteria analysed here. Where do the strengths in planning and management lie for locally driven partnerships? Which are the most obvious weaknesses?

Only few partnerships operate according to a formal partnership business plan as defined above. In their planning, they cover some, but rarely all aspects that would be comprised in a business plan. On the whole, the Seed partnerships are relatively good at those elements of planning and management that are immediately necessary for operating. A significant number of them show weaknesses when it comes to planning for the medium- or long term and when the more formal aspects of management are concerned:

- *Goal definition.* As observed in Chapter 2, almost 90 percent of the Seed partnerships pursue a strong vision of how to promote sustainable development through concrete changes on the ground. Many fewer partnerships (63 percent), though, translate their vision into measurable targets.
- *Decision-making.* Over 90 percent of the partnerships have settled on a mode for making decisions. Often, though, these decision-making processes remain informal. Only 36 percent formally vote on important decisions and only 21 percent have an executive board that makes decisions.

PARTNERSHIPS HAVE DEFICITS IN FORMAL PLANNING

Answers in percent of respondents (Multiple answers possible)



- *Resource needs.* 80 percent of the partnerships have concrete ideas about what they need to be able to operate, at least in the short term (two years). In the medium term (five years), 56 percent have specified their resource needs, and over ten years, 36 percent.
- *Accounting and resource controlling.* 83 percent of the Seed partnerships have some form of accounting in place. 63 percent use either internal or external professional accounting services. While this number may seem high, proper financial accounting is a cornerstone for partnership transparency, accountability, and eligibility for funding and is also one of the most fundamental elements of good management. Any lack of professionalism in accounting is therefore a potential worry for partnerships.

- *Evaluation and impact assessment.* Evaluation and impact assessment are not at the top of the Seed partnerships' list of priorities. 64 percent plan to evaluate their activities at some point in the future. 30 percent are already submitting regular reports to donors. 43 percent are planning to ask beneficiaries for feedback on their activities, and 40 percent would like to conduct an impact assessment. Only 6 percent report that they are required by donors to conduct impact assessments.
- *Staff development.* Finally, few partnerships have considered how their human resources need to develop. For implementing activities, having the right number of employees and volunteers with the necessary skills is essential. But only 41 percent know how many individuals they need for executing their plans in one year, 34 percent in two years, 23 percent in five, and 17 percent in ten years. By contrast, almost 90 percent of the partnerships would like to train their staff, even though half of those do not know whether they will have the necessary resources to do so.

Thus, there exist clear deficits in formal as well as medium- to long term planning, which are important ingredients of a sound planning process. What factors enable some partnerships to be better at planning and management than others?

FACTORS INFLUENCING PLANNING AND MANAGEMENT SKILLS

Locally driven partnerships differ in their planning and management skills. Which partnerships, then, have better capabilities in this area than others and why?

Three hypotheses are discussed. Are partnerships that have business partners better at planning and management than those without? Do partnerships with stronger international involvement have stricter planning and management standards than local initiatives? Or do the causal links work the other way around and only partnerships that have access to financial resources can afford to invest in formal and medium-term planning?

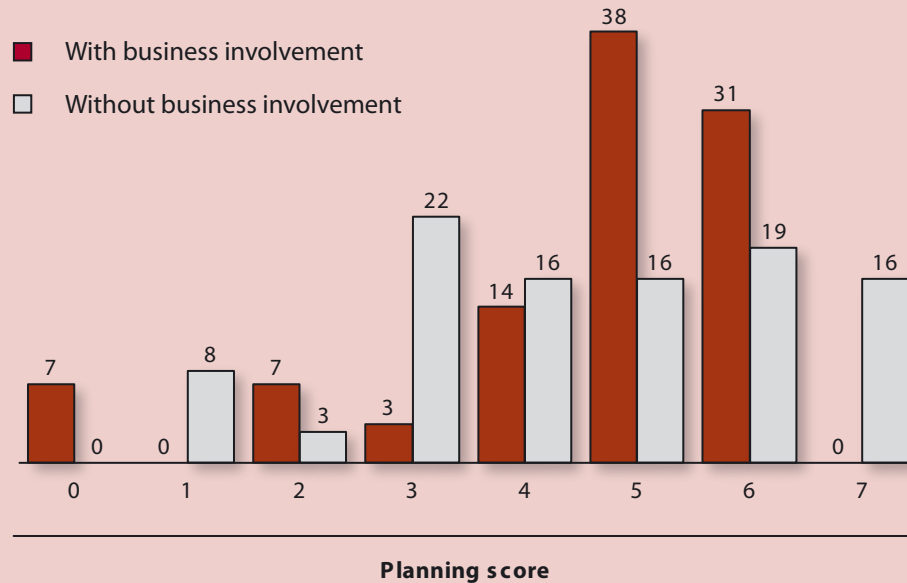
Again, the Seed data do not allow for a rigorous testing of these hypotheses, but the data highlights correlations. Backed up by more detailed information from the case studies, a sense of how plausible the correlations are or what the underlying causal relations are may be obtained.

- **Business partners and their influence on planning and management**

The graphs show comparisons between partnerships with business involvement and those without with respect to their formal planning and management. The first graph shows that there is no clear link between the overall planning and management score of a partnership and the participation of a business partner.³⁹

THERE IS NO CLEAR LINK BETWEEN PLANNING SCORES AND BUSINESS INVOLVEMENT

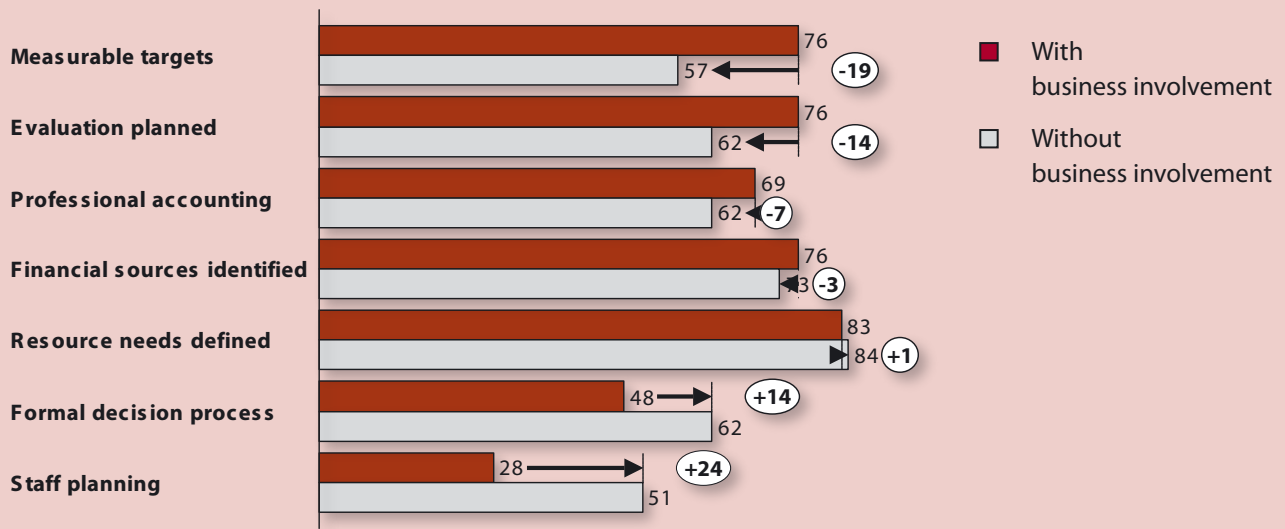
Percent of partnerships (Multiple answers possible)



The case studies suggest that this may be due to differences in how companies contribute to partnerships. In the *Agua para Todos* partnership, for example, the business partner is closely involved in the financial planning and setting of targets for the initiative. The partnership can thus adapt the tools and standard practices of business planning for its purposes. In the *Partnership for Community-Run Marine Protected Areas in Madagascar*, by contrast, the business partner does not play a central role in planning and management. Business participation, then, only seems to have a positive impact on planning and management if the partnership actively draws upon the corporation's know-how.

BUSINESS INVOLVEMENT SHOWS BETTER PLANNING IN SOME AREAS, WORSE IN OTHERS

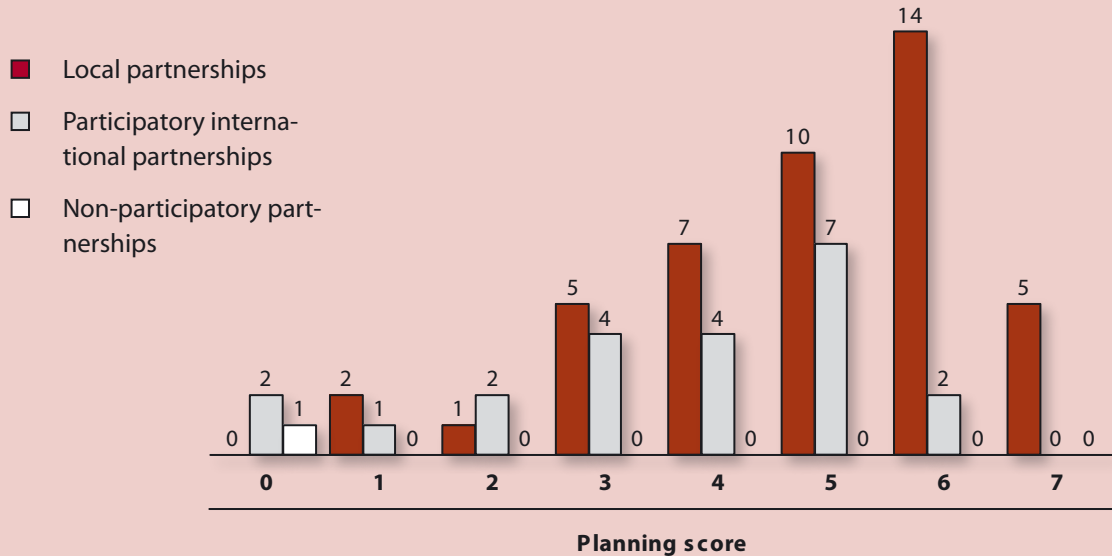
Answers in percent of respondents



The second graph looks at the criteria that make up the planning and management score in greater detail. It reveals an interesting pattern: Partnerships with business involvement are better than those without in setting measurable targets, evaluating their activities and accounting professionally for their resources. In other areas of planning and management, however, they show no significant difference or perform worse.

LOCAL PARTNERSHIPS SHOW GOOD PLANNING AND MANAGEMENT

Number of partnerships



Local organisations and their planning and management capacities

This final graph links planning and management skills to degrees of local ownership.⁴⁰ It shows that partnerships initiated at the local level put more emphasis on planning and management than partnerships that originate at the international level. Rigorous planning and management, then, do not seem to depend on access to skills held by international actors—to the contrary.

Gustavo Heredia of *Agua para Todos* suggests that the clear focus of local partnerships makes planning more straight-forward: *»We have a concrete problem in front of us every day. We know what resources are available to us and we know what we have to do to address the problem. So planning around that is rather simple.«* (Gustavo Heredia of *Agua Tuya, Agua para Todos*)

Local partnerships are also more pro-active than international partnerships in seeking support on planning issues. 68 percent of the local Seed partnerships include support or training in ›accounting and evaluation methods‹ as a priority, whereas only 48 percent of the participatory or non-participatory international partnerships do the same. In planning and budgeting, 57 percent of the local partnerships would appreciate support, compared to 44 percent among international partnerships.

◦ **Access to financial resources as a precondition for formal planning and management**

The survey data show that formal planning and management are correlated to a higher likelihood of gaining financial support. But does stricter planning lead to better access to resources or is it the other way around? The case studies suggest that the causal relation works in both directions. As Joseph Adelegan put it above, thorough planning is necessary to attract investments. The *Global Marketing Partnership for SRI Indigenous Rice*, however, illustrates how a lack of funds can seriously hamper planning efforts. The initiative has been driven by the pro bono engagement of individuals. But the time commitment needed for more thorough planning exceeds the possibilities of even the most engaged. To break the cycle of 'no money—little planning, little planning—no money', the Seed Initiative has helped to fundraise and contributes directly to cover parts of the salary costs of the person coordinating the partnership.

STRENGTHENING PLANNING AND MANAGEMENT CAPABILITIES

Analysis of the Seed partnerships shows that partnerships with stricter planning and management standards as defined by the partnership business model are more likely to have access to sources of finance. How can planning and management capacities be strengthened?

First, partnerships themselves can improve their planning and management. For instance, partner organisations that do not have the necessary skills can draw upon external experts. Many of the Seed winners have done so. Supported by the Seed Initiative, an international expert on water helped *Agua para Todos* to draw up a funding proposal. For the *Cows to Kilowatts* project, Seed engaged a local team of experts for assistance in developing a business plan and the *Global Marketing Partnership for SRI Indigenous Rice* has benefited from the work of a business and marketing expert. Seed has also provided a fundraising expert for the *Madagascar MPA* project who, along with creating a database of funding opportunities, is creating templates for different types of funding proposals.

Hiring external experts, however, can be expensive and not all partnerships can win the Seed Awards. Instead, partnerships can explore whether any of their partner organisations harbours hidden potentials. Business partners, for instance, may be in a position to contribute more to the planning process,⁴¹ and other partners may have special expertise. In the *Global Marketing Partnership for SRI Indigenous Rice*, for example, partners are now searching for ways to draw on the marketing expertise of the donor organisations with which they work.

Second, donor organisations can learn from commercial investors and credit agencies. The strict requirements of the latter encourage better planning and management. This is not to say that donors should use the same criteria as commercial investors. It is important to adapt the requisites of a business model to those for a partnership business model. Nevertheless, a clear articulation of what elements of planning and management partnerships are expected to cover could encourage better standards.

Finally, donors and international organisations can help build planning and management capacity. While some organisations offer capacity building programmes addressing these issues, most current training materials and toolkits for partnerships have a different focus.⁴² Typically, they deal with issues such as when to set up a partnership, how to choose partner organisations, how to organise communication between partners, and how to build trust among partners. The Seed partnerships, though, do not seem to perceive these topics as particularly problematic. Only 14 percent cite the lack of trust among partners as an important problem, 23 percent cite difficulties in defining the partnership, and 27 report communication difficulties within the partnership. 39 percent, though, state a lack of training among their staff as an important problem. Correspondingly, the partnerships would appreciate external expertise in their respective issue areas (84 percent), with writing funding proposals (66 percent), and with accounting and evaluation methods (60 percent). These responses explain why many of the partnerships were so appreciative when they were offered feedback on their proposals or help in further developing their work programmes when they applied to the Seed Awards.

But these ›harder‹ issues rarely feature in training programmes and materials for partnerships. Adapting the toolkits and training materials on offer to the needs of the partnerships would certainly help their planning and management skills. This could include for example the development templates for different partnership business models.

LESSONS



LESSON 9

FORMAL PLANNING AND MANAGEMENT FACILITATE ACCESS TO FINANCIAL RESOURCES

It has often been assumed that good planning and management are an important ingredient for partnership success. The Seed cases show that formal planning and management standards mainly influence partnerships' chances to receive financial support.



LESSON 10

PARTNERSHIPS COULD BENEFIT FROM INVESTING IN PLANNING AND MANAGEMENT

The Seed partnerships have deficits in medium- to long-term planning and in the formal aspects of management. To increase their chances for external support, they can invest in strengthening their planning and management capabilities.

Since expert help is often too expensive, partnerships can draw more on the existing skills of their partner organisations, including their business partners.



LESSON 11

EXTERNAL ORGANISATIONS CAN STRENGTHEN PARTNERSHIPS' SKILLS BY ...

- stating their demands concerning planning and management standards for the allocation of grants or investments more clearly
- re-focusing training and support materials for partnerships on planning and management issues

³⁵ Collins (2005, quoted in *The Economist*, 2006)

³⁶ For some among many examples, see www.ngomanager.org. The Johns Hopkins Center for Civil Society Studies offers a range of nonprofit management handbooks, see www.jhu.edu/~ccss/index.html. For a collection of tools for businesses, see e.g. www.smetoolkit.org. For a review of research on strategic NGO management, see e.g. Stone et al. (1999).

³⁷ To measure partnership progress, the scale introduced in Chapter 4 is used. For planning and management, formal criteria derived from a standard partnership business model are scored: Does the partnership have concrete, measurable goals? Does it have a concrete plan for generating the resources necessary for operating? Has it specified what these resources are needed for? Does it have concrete plans for how its staff will develop? Does it have professional accounting and controlling procedures in place? Does it have formal decision making procedures? Does it plan to evaluate its activities and to report on them? Spearman's rank correlation coefficient for this correlation is 0.378. The p value of the t-test is 0.0015, meaning that the correlation is statistically significant at 99 percent. The correlation cannot, however, be taken as a proof that good planning and management lead to partnership progress since we have not controlled for the influence of other variables and since the correlation does not say anything about the direction of causality.

- ³⁸ The mean planning score of the partnerships that had no access to new financial sources is 4.1; the mean for those that had access to new financial sources is 5. According to an ANOVA test, this difference is statistically significant at 95 percent.
- ³⁹ The mean planning score of partnerships with business involvement is 4.55; for partnerships without business involvement it is 4.51. Statistically, there is a 93 percent likelihood that this small difference is by chance only.
- ⁴⁰ The mean planning score for local partnerships is 4.91; that for participatory international partnerships is 3.64. This result is statistically significant at 99 percent.
- ⁴¹ The Shell Foundation for example notes and criticises the often limited involvement of business partners: *»business are often not consulted in their [poverty project's or PPPs'] design and as we've noted money is usually the main input asked of business.«* Shell Foundation (2005, p. 29).
- ⁴² See for example The Partnering Toolbook (GAIN, UNDP, IAEA, IBLF, 2003), the learning tools of www.ourpartnership.org.uk, A Fruitful Partnership (Audit Commission, 1998), Working Together and Building Links: Partnership Working Toolkit (Government Office of the Southeast, 2002), The Working Partnership (Health Development Agency, 2003), How to Build a Partnership of www.renewal.net, Creating Social Enterprises Through Strategic Alliances. A Toolkit for NGOs (International Youth Foundation 2003) or BNI's Business-NGO Interaction Tool (<http://www.bni-instrument.org>).