5 Collaborations and Partnerships

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Learning goals
Upon completing this chapter, you should be able to accomplish the following:

- Describe different reasons for social entrepreneurs to form and participate in partnerships.
- Describe different types of partners for social entrepreneurs and their particular advantages.
- Explain different dimensions of collaborative value chain integration and specific types of collaboration.
- Recognize potential risks and challenges for social entrepreneurs when working together with other entities.
- Explain how a collaboration can be established.

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5.1 Introduction

Scaling social impact requires many resources. Social entrepreneurs are constantly looking for ways to cooperate with others to achieve their social mission.

Cooperating with other organizations, companies, and institutions is an effective and efficient way to mobilize resources, gain complementary capabilities, and capture synergies. Networks, alliances and collaborations offer the potential to generate social impact "far beyond what the individual contributors could achieve independently" (Wei-Skillern et al., 2007, p. 191).

There are many ways of working together from accessing informal networks to franchising to joint ventures. The goal of this chapter is to show the spectrum and impact of working collaboratively. Therefore, the focus is first on emphasizing why partnerships and collaborations are an attractive scaling opportunity for social entrepreneurs. Next, collaborations with different types of partners and various forms of collaborations are introduced. Then, risks and challenges, which have to be considered when partnering with others, are highlighted. Finally, this chapter proposes guidelines for establishing a collaboration. The case study, *Dialogue in the Dark*, at the end of this chapter demonstrates a successful example of how partnering with local entities in the form of social franchising can spread a social innovation throughout the world.

According to Webster "collaboration" can be understood as an act of working together with others. It is an *integrated* process where the involved parties create an *integrated* solution. "Cooperation" can be understood as joint operation. In contrast to "collaboration" solutions are created parallel instead of in an integrated way. "Partnership" has a similar meaning to "collaboration" but emphasizes the *legal* relation between the parties. The focus of this chapter is on "collaboration" and "partnership" since integrated solutions are central. The term "alliance", which some authors use as a synonym for "cooperation" or "collaboration", is only been used in the specific form of "strategic alliance", which is defined on page 10.

5.2 Reasons for Crafting Collaborations

There are many reasons for social entrepreneurs to work collaboratively. A main reason is certainly the access to resources, and in particular, to complementary resources.

The resource-based view (RBV) is a useful approach to point out how social entrepreneurs can use initial resources, such as existing relationships and networks in order to acquire additional resources and create value. RBV assumes that sources for competitive advantages can be found in an organization's *internal* environment, in terms of its resources and capabilities (Barney, 1991)[3]. *Resources* are firm-specific assets and include tangible resources, such as equipment, real estate, financial assets, and intangible resources, such as expertise, information, and brands. *Capabilities* refer to an organization's ability to improve the efficiency and effectiveness of the firm's own resources. Resources and capabilities together provide the basis for a firm's strategy. If the strategy is value-creating and cannot easily be copied by other organizations a competitive advantage can be attained. By acquiring and managing valuable resources an organization can *achieve* competitive advantages. To *sustain* competitive advantages the core competencies must not be replicable by others. Therefore, ideally, resources and capabilities need to be valuable, rare, inimitable, non-substitutable, and imperfectly mobile between firms (Barney, 1991). The choice of resources is thus central to an organization's strategy, growth, and long term success. By reconfiguring existing resources or acquiring new resources, an organization can increase its sphere, for example, by offering additional services or new products or by growing geographically (Haugh, 2009).

Social entrepreneurs, especially when they are in an early stage, often have a low resource base. However, they can use initial resources to acquire more resources and capabilities (Haugh, 2009). A study by Haugh with three social entrepreneurs over several years showed, for example, that in particular "human resources and social networks were essential in the early stages of venture creation, as they conferred venture-specific capabilities in the form of knowledge and network relationships" (Haugh, 2009, p. 112). These resources and capabilities can then be used to support acquiring financial or other necessary resources. In other words, human and social resources enable the access to further resources.

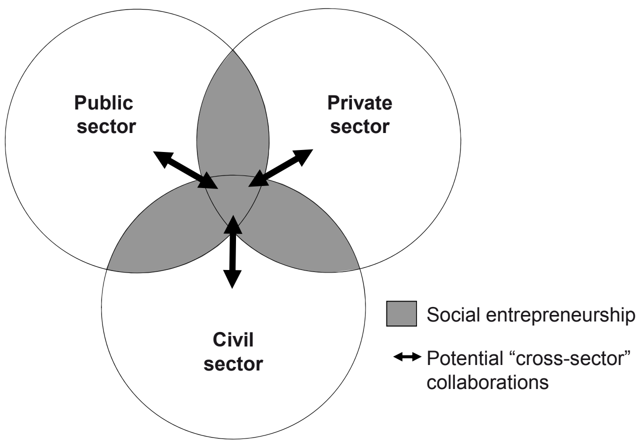
However, access to resources is only one benefit when working with other entities. Partnerships can also increase efficiency and effectiveness and lead to achieving greater impact with the same input of resources. When, for example, a social entrepreneur collaborates with an organization offering similar services, efficiency gains can reach from a simple reduction of administrative costs and realization of economies of scale to optimized resource allocation through specialization. Additionally, more and better services can be offered to beneficiaries. Therefore, collaborative activities can lead to sustainable mission impact and to increased effectiveness (Wei-Skillern et al., 2007).

[3] RBV stands in contrast to theories and models focusing on a company's *external* competitive environment, such as Porter's five forces model.

5.3 Different Collaboration Partners

Commercial entrepreneurs can collaborate with partners from the same sector, the private sector (for example, large corporations or small start-ups), or across sectors thus with institutions from the public sector or the civil sector. For *social* entrepreneurs it is very much the same. The subtle difference, however, is that the sectoral affiliation of social entrepreneurs is not always clear. Depending on their mission and approach, social entrepreneurs can be actors of the public, the private, or the civil sector and mostly their area of activity is in-between two sectors (Nicholls, 2008; Leadbeater, 1997). Nevertheless, social entrepreneurs can collaborate with different types of partners, and as illustrated in **Figure 5.1**, each sector has its own characteristics[4].

Figure 5.1 Zones for social entrepreneurship



Own illustration based on Leadbeater (1997)

[4] It has to be mentioned that the sector logic has some shortcomings. First, it is difficult to define boundaries between different sectors. Second, especially for the *civil sector*, also referred to *third* or *non-profit-sector* various different understandings exist of what is part of this sector and what is not (see, e.g., Brandsen, van de Donk and Putters 2005; Evers and Ewert 2010). Nevertheless, the sector logic is used here to illustrate some general characteristics of different collaboration partners.

5.3.1 Collaborating with the Private Sector

Collaborations between social entrepreneurs and private sector actors can reach from a pure philanthropic interaction, which is mainly a supplicant-benefactor relationship, to an integrated stage, where the collaboration has a major strategic value for both sides and resources are exchanged in both directions (see Austin, 2000 for further information).

In particular, integrated collaborations seem offer advantages for both social entrepreneurs and corporations when working together. Bill Drayton (2010, p. 57), CEO and founder of Ashoka, summarizes the benefits for both sides by saying, "Businesses offer scale, expertise in manufacturing and operations, and financing. Social entrepreneurs and organizations contribute lower costs, strong social networks, and deep insights into customers and communities." More and more collaborations between social entrepreneurs and corporations have emerged in the recent years. They can be found in developing as well as in industrialized countries. In "bottom-of-the-pyramid" markets, often located in least-developed countries, these collaborations enable corporations to access markets, which would be difficult to enter without local knowhow and a deep understanding of customers' needs. For social entrepreneurs such collaborations allow them to scale up their social impact by offering access to cheaper capital and also to non-financial resources (Drayton and Budinich, 2010).

Ashoka has created the *hybrid value chain framework* to promote interactions between social entrepreneurs and businesses (see Ashoka, 2007 for further information). Successful examples can be found in India, where Ashoka brought mortgage companies and local citizen groups together to stimulate the housing market. Another example can be found in Mexico, where Ashoka and local social entrepreneurs convinced a water-conveyance company to serve low-income farmers as customers. The local social entrepreneurs organized the farmers in loan groups, help them getting access to financial resources, promoted irrigation, and even installed systems. This contributed to an increased efficiency and a significantly higher income of the farmers due to the new water-conveyance products (see Drayton and Budinich, 2010 for further information).

In industrialized countries, collaborations between corporations and social entrepreneurs can be found in the field of fair-trade, financial services (e.g., micro financing for disadvantaged people), or job creation (e.g., for disabled people). In many cases the resources contributed by the corporations go far beyond financial aspects and can include the exchange of knowhow, the provision of materials and tools, or the access to markets. In 2005 in the UK, the department, Social Enterprise Unit of the Department for Trade and Industry, published *Match Winners – A guideline to commercial collaboration between social enterprises and private sector business* in order to promote this type of partnerships (DTI, 2005).

In both developing and industrialized countries, when collaborating with social entrepreneurs, corporations can benefit from insights into new markets and increased market-share, and go far beyond the model of corporate social responsibility (CSR). Corporations benefit from access to new business models and networks as well as offer their staff a greater sense of useful engagement such as contributing their skills to problems in their own community.

5.3.2 Collaborating with the Public Sector

Social entrepreneurs also collaborate with the public sector. The principles of such collaborations follow these of so called public-private-partnerships (PPP). PPP are long-term, mainly contractually regulated, collaborations between public sector authorities and private parties to deliver services, products, or projects traditionally provided by the public sector (Akintoye, Beck and Hardcastle, 2003). The partners combine the financial and non-financial resources (e.g., capital, knowhow, human resources) for the mutual benefit and distribute the operational risk equally.

Specific examples of collaborations with public sector actors can be found between social entrepreneurs and public health insurance companies. Frank Hoffmann launched the project *Discovering Hands* where blind women are trained for palpation for breast screening. So far, two health insurance companies have agreed to bear the cost for the medical examination and the participation of further insurances is expected. The reimbursement by the insurance companies supports the spreading of this social innovation while at the same time the innovation enables the insurance companies to enlarge their prevention services. Another example is the Ashoka fellow, Heidrun Meyer, who developed a program to prevent behavioral disorders and to promote social-emotional competence in preschool children. She works together with several statutory health insurance companies in Germany to spread the innovative approach.

Some social entrepreneurs consider themselves as important innovator for the public or as the research and development department of their government. These social entrepreneurs work to achieve proof of principle and then lobby for a responsible government agency to take their idea to scale and basically absorb the work of the social entrepreneur into government programs. This is similar to a start-up being bought out by a much larger company. While conventional entrepreneurs could see the government taking over their intellectual property as nationalization and theft, publicly minded social entrepreneurs are motivated by effective spread of the mission.

In the last years, Anglo-American governments have launched extensive programs to push partnerships between social entrepreneurs and government. In 2009 in the United States, for example, the *Social Innovation Fund (SIF)* was founded with roughly $50 million of public money. Through the SIF grant competition the best social innovations are identified and the fund supports them to scale up and expand their reach throughout the country.

In Britain in 2010, Prime Minister David Cameron presented *Big Society*, a socio-political program that aims “to create a climate that empowers local people and communities, building a big society that will take power away from politicians and give it to people” (Number10.gov.uk 2010). The plan includes the set up of the *Big Society Bank*, which will help finance charities, voluntary groups, and social entrepreneurs. This program was not the first program the UK government launched to support social innovations. Already in 1996, the Millennium Commission launched the *Millennium Award Scheme* where national lottery gains are given to individual people working on community projects. Since 2002, the awards have been available through the foundation *UnLtd*. UnLtd is the trustee of the Millennium Award Trust to which the Millennium Commission granted an endowment of £100 million.

The idea behind SIF and Big Society is that governments no longer solve society's problems alone. Rather than simply contracting out the delivery of public services as it used to be done (e.g., waste-services, nursing homes, etc.), incentive systems are set up, where innovation, diversity, and responsiveness to public needs are critical. Citizens, non-profit organizations, foundations, and social entrepreneurs interact closely with governments to address social needs. Governments cannot only provide a better fiscal but also a better legislative environment, which can be especially helpful for social entrepreneurs.

5.3.3 Collaborating with the Civil Sector

When collaborating with civil sector actors (such as non-profit organizations, foundations, charities) the big advantages for social entrepreneurs are in general the similarity of the intensions and missions of the involved parties. Or in the words of the former Managing Director of the Schwab Foundation, Pamela Hartigan (2005): "These [foundations and philanthropists] are best placed to support social innovators, as they are free of the voting booth and the financial bottom line, the forces that dominate the decisions of government and business respectively."

In particular, foundations and charities can be interesting collaboration partners for social entrepreneurs. The exact definitions of these terms are different for each country. However, to put it simply, a foundation can be understood as a non-governmental, non-profit organization with its own fund managed by its own trustees or directors. It can be founded, for example, by an individual, a family, or a corporation. A charity can generally be considered a non-profit organization that – as a main difference when compared to a foundation – can derive a significant amount of its funding from the public in addition to other funding sources.

Starting with company foundations, they can play an important role initiating cross-sectoral involvement. Markus Hipp, Executive Director of *BMW Foundation Herbert Quandt*, argues that company foundations can transfer impulses from the private sector into the public or the civil sector provided they are independent and sovereign actors (Hipp, 2009). The BMW Foundation brings together international networks of leaders from different sectors to work together to address social challenges.

Additionally, some large private foundations exist that collaborate with social entrepreneurs in the way that they support them both financially and non-financially. Non-financially, they can provide access to international platforms and prestigious networks. Alongside Ashoka, the *Schwab Foundation* and *Skoll Foundation* are probably the most famous examples on a European level.

Charities are also potentially interesting collaboration partners for social entrepreneurs. Large charities such as *Caritas* often have dense networks and established structures, which could – effectively and efficiently – support the scaling and expansion of a social innovation. However, to date, collaborations between charities and social entrepreneurs are rare. Among other reasons, this could be due to the fact that they may see themselves more as competitors than as collaboration partners.

Social entrepreneurs can also team up with each other – independent from sectoral boundaries. Some of the network examples described in the following section illustrate these kinds of collaborations.

5.4 Designing a Collaboration

When examining how collaborations can be designed, social entrepreneurs can learn a lot when looking at their commercial counterparts, since collaborative growth strategies are well established in the field of general business administration. Collaborations between different organizations, so called inter-organizational collaborations, occur in various forms such as R&D partnerships, loose corporate networks or equity joint ventures. To distinguish inter-organizational collaborations, different criteria exist. Examples for such criteria are the collaboration intensity (e.g., exchange of information, mutual market presence, joint foundation), the geographical reach (e.g., local, national, international), or the dimension of a collaboration with regard to the value chain. The following section introduces first different dimensions of collaborative value chain integration followed by an introduction of specific types of collaborations.

5.4.1 Different Dimensions of Collaborative Value Chain Integration

The dimension of a collaboration refers to the involved stages of the value chain. Depending on the relationship the partners have along the value chain, three dimensions can be distinguished: vertical, horizontal, and diagonal collaborations. See **Figure 5.2**. (Volkmann and Tokarski, 2006; Volkmann, Tokarski and Grünhagen, 2010).

Linkages between organizations at successive stages of the same value chain are called **vertical collaborations**. They enable the optimization of interfaces due to better coordination between the organizations. A classical example would be the collaboration between a supplier and a producer. In the area of social entrepreneurship the collaboration between Nestlé UK and the Fairtrade Foundation demonstrates a vertical collaboration. Since the beginning of 2010 KitKat bars in the UK and Ireland have been Fairtrade certified.[5] Nestlé

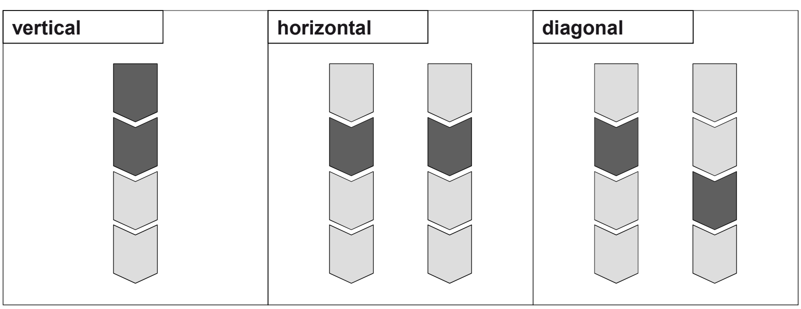
[5] In the value chain of chocolate bars, the cacao production, represented by the Fairtrade Foundation, is upstream of the chocolate bars manufacture, done by Nestlé.

made a long-term commitment to purchasing Fairtrade certified cocoa. The premium, which farmers' organizations receive, can be used to invest in community and business development projects of their members, such as education and healthcare. Nestlé can use Fairtrade's respected and well-known label, which contributes to its image.

Horizontal collaborations are collaborations between organizations on the same stage of the value chain (therefore often competitors) where products or services of the organizations are similar or even identical. The motivation for horizontal collaborations can be to combine resources and capabilities, to realize larger projects, or to share risks and costs. A classical example would be a research partnership between different automobile manufacturers. In the field of social entrepreneurship *SEEP* is a good example of a horizontal network focusing on connecting microcredit practitioners. Founded by a group of practitioners in 1985 and with more than 120 member organizations worldwide today, SEEP creates a global learning community, supports the exchange of knowhow, develops practical guidelines and tools, and sets standards regarding micro financing.

Diagonal collaborations are the collaborations between parties of different industries, also known as complimentary collaboration. A series of reasons exists for diagonal collaborations, one of which being to access new markets or customers. *Payback* is a classical example of a diagonal collaboration where (non-competing) corporations from various industries, such as retailers, rental car companies, hotel chain, etc. developed a joint bonus program to increase customer loyalty. The collaboration between Grameen and Veolia (detailed in the next section) can be considered as an example of a diagonal collaboration in the area of social entrepreneurship. Both organizations come from different areas and combine their forces to provide drinking water in rural Bangladesh.

Figure 5.2 Different collaboration dimensions



Own illustration

5.4.2 Specific Types of Collaborations

In this section the four most relevant basic types of collaborations are introduced: joint ventures, strategic alliances, networks, and social franchising. While strategic alliances usually represent horizontal collaborations and (social) franchise systems represent vertical collaborations, networks and joint ventures can exist as *horizontal*, *vertical*, and *diagonal* collaborations.

Joint ventures

A joint venture is a legal entity formed between two or more organizations to realize collaboration objectives. All partners are legally and financially involved into the new entity. Next to the contribution of financial resources the partners also bring material and immaterial resources, like human and social capital into the joint venture. In particular, the contribution of complementary resources makes a joint venture valuable. A joint venture can, for example, help to overcome market-entry barriers or minimize research and development risks for each organization (Volkmann and Tokarski, 2006; Volkmann, Tokarski and Grünhagen, 2010).

The Nobel Laureate Muhammad Yunus significantly shaped the term *joint venture* in the social context. Since 2006 he launched several collaborations between large corporations and Grameen, a multi-faceted group of for- and non-profit organizations, which he established. Objectives of these collaborations are to improve people's daily lives by offering essential products like water or food at affordable prices and to promote business opportunities in rural Bangladesh. One such collaboration involves Grameen Bank and Veolia Water setting up a company called Grameen-Veolia Water Ltd, which is jointly owned at parity by the two founders. Its task is to build and operate several water production and treatment plants in rural areas of Bangladesh. Veolia Water, a world leader in water and wastewater services, brings technical knowhow into the partnership while Grameen provides local knowledge and networks.

Strategic alliances

Although the relevance of strategic alliances has been rising in the recent years, no uniform definition currently exists in the collaboration literature (Glover and Wasserman, 2003).

Essentially speaking, a strategic alliance can be understood as an agreement for collaboration among two or more organizations where the organizations themselves remain independent. Unlike a joint venture, they do not create a new legal entity. Strategic alliances focus on a particular business area (e.g., joint research and development activities), and therefore only exist between current or potential competitors, making them horizontal collaborations (Hagenhoff, 2004). In the area of social entrepreneurship an example would be the collaboration of social entrepreneurs active in the same field (e.g., economic development of disadvantages regions) working together to improve the legal situation or influencing government policy.

Networks

(Corporate) networks have experienced increasing attention in the current management literature. The partners involved in a network coordinate their functions with one another and strive for a lasting collaboration, which is not limited to a single task. A network consists of a minimum of three partners. While the collaboration is long term, partners can leave the network and new partners can join. The types of arrangements reach from informal understandings to written agreements such as memorandums of understanding (Hagenhoff, 2004).

The *HUB* is an example of a global network to support solutions for social and environmental change. It has locations in five continents in more than 20 cities. By offering working space, professional tools, and an online social networking platform it supports its members to realize and scale their ideas. The local community in each HUB, as well as the online community, plays an important role in exchanging ideas and knowhow. Informal learning and free peer consulting contributes to the success of this network. For a fee different levels of membership are available and allow access to the services and tools needed.

On a European level, the network *Social Innovation Europe (SIE)* founded by the European Commission was launched in March 2011. The goal of this emerging network is to create a virtual and real meeting place for social innovators, social entrepreneurs, non-profit organizations, policy makers, and other relevant actors to exchange knowhow, facilitate new relationships, and develop specific recommendations to scale social innovations all over Europe. For example, with its call for large scale European social innovative initiatives, the SIE increases the visibility of social entrepreneurial projects and thereby supports the growth of social entrepreneurship in Europe.

Social franchising

Franchise systems can be understood as a specific type of network with a hierarchical structure, where a parent organization collaborates with local entities to grow. McDonalds is one of the most famous examples of a successful worldwide franchise system. Commercial franchising can be defined as a contract-based relationship between two independent companies. The parent company, called the franchisor, has developed a market-tested product or service and allows another firm, called the franchisee, to produce and market the product/service under the franchisor’s trade name according to a format specified by the parent company (Curran and Stanworth, 1983).

Social franchising uses the structure of commercial franchise systems to achieve social impact. It has been established as a promising scaling mechanism for social activities in the last years (Tracey and Jarvis, 2007). It is valuable because it allows the franchisee to leverage local knowledge with tested models from the franchisor. The social entrepreneur with the franchise idea can expand the effects of his/her work without having to build the entire infrastructure him-/herself. Social franchising, like commercial franchising, creates opportunities to scale an idea quickly; however, the involvement of multiple stakeholders and the adaption of the business model to local circumstances can potentially lead to loss in quality or a drift from the original mission. One example of a successful social franchise is *Dialogue in the Dark*, a social enterprise offering exhibitions and workshops in total darkness lead by people with visual impairment. The idea and the concept are presented more in-depth in the case study at the end of this chapter.

5.5 Potential Risks and Challenges

The different examples mentioned in this chapter emphasized that building collaborations can lead to outcomes a social entrepreneur would not be able to realize alone. However, partnering with other organizations does not work in every situation and can include risks and challenges that jeopardize the social mission.

A common challenge for collaboration partners is that expectations are not communicated clearly. Especially between for-profit and non-profit organizations the communication style can be very different. Vague arrangements or unclear assignments of tasks in the beginning can lead to unsatisfactory performance and outcomes. Being aware of cultural differences and ensuring written agreements with defined deadlines and deliverables, including clear expectation management, can help to prevent this from happening.

Additionally, the comparability of the values of the involved organizations influences the success of a collaboration. Focusing on resources and capabilities when searching for a collaboration partner is important; however, when mission-driven ventures, such as social entrepreneurs, are involved values and missions of both organizations and their comparability need to be analyzed as well (Wei-Skillern et al., 2007). The challenge is to identify beforehand if there is enough common ground to build the collaboration on. Often, such characteristics are hard to identify beforehand, especially without an intensive interaction between the involved organizations.

Another challenge when working collaboratively concerns the questions of the adequate legal form – a challenge social entrepreneurs already face when founding their organizations. In many countries, fairly strict conditions exist for non-profit organizations, or organizations with charitable status, in order to get tax benefits. In the case of social entrepreneurs, generated income (e.g., from collaborations with corporations) can lead to a loss of these tax benefits. However, a charitable status is often necessary to receive donations, e.g., from foundations or charities. Finding the right legal form that also enables collaborations with various partners often requires "creative" solutions from the social entrepreneur.

A potential risk when partnering – especially with the private sector – can be reputational damage due to misconduct of the partner, or when the collaboration fails. Furthermore, building a collaboration is always combined with providing internal knowhow to another party. There is always the risk that the other organization is using the knowhow for its own gain; for example, using information of beneficiaries to market additional services or products which are not part of a collaboration. This is especially relevant as frequently, knowhow and networks are still available to the partner after the termination of a collaboration. Only in a few cases can this be regulated in advance by contract.

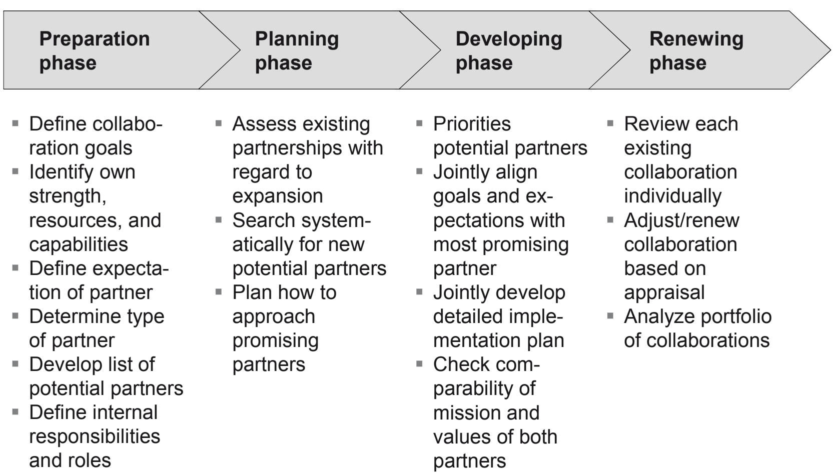
One of the most important points is the balance between "cost and benefit". Often, social entrepreneurs invest substantial time, energy, and resources into establishing relationships, which at the end do not necessarily contribute to creating social impact or to scaling a social innovation. It is the social entrepreneur's task to weigh input and outcome (Social Edge, 2011). The cost of maintaining the partnership must be analyzed accurately. Often managing the relationship takes a large amount of the social entrepreneur's time while collaboration partners, e.g., large corporations have more human resources to absorb this kind of "investment". This imbalance is often not seen by the partner who may expect the social entrepreneur to have similar resources in place.

Building and maintaining collaborations requires a significant amount of initial and ongoing effort and therefore the cost and benefits of these "investments" should be analyzed wisely with a view to overall alignment with the overall social mission.

5.6 Guidelines to Establish a Collaboration

Although the creation of a collaboration often follows an opportunistic, or ad hoc approach, it is helpful to use a systematic process and to structure the necessary steps. The following section presents – from a social entrepreneur's perspective – four different phases when developing collaborations and lists recommended actions for each phase to create powerful partnerships. It is based on the *Meeting the collaboration challenge workbook* (2002) by the Drucker Foundation. See **Figure 5.3**.

Figure 5.3 Guidelines to establish a collaboration



Own illustration based on Drucker Foundation (2002)

5.6.1 Preparation Phase

Before thinking about potential collaboration partners it is important to be clear about the strategic goal of the planned collaboration and to ascertain that it is in line with the social entrepreneur's overall strategy, mission, and vision. Identifying one's own strengths and being clear about the resources and capabilities he/she can contribute to a collaboration will help to specify missing assets. From there, one can begin to define the expectations of the partner and to determine the type of partner who would most likely value a collaboration (e.g., private utility companies, charities with a focus on education, etc.).

An additional action could the generation of a list of all relevant organizations with which a relationship already exists. For instance, identifying all current agreements with government authorities or existing commercial relationships with businesses, and including contacts from the personal networks can help to find potential partners.

Depending on the size of the social enterprise and the complexity of the collaboration, a helpful step is to prepare the social entrepreneur's organization for the collaboration by defining responsibilities, such as nominating a central contact person and determining his/her authority in negotiations. Additionally, it can be helpful to set parameters for ethical matters, and determine adequate guidelines in line with one's own organizational values. Including key decision makers and aligning the board of the social enterprise will influence the collaboration's success.

5.6.2 Planning Phase

To determine the most promising collaboration partner it is best to use the list of existing relationships, assess each relationship and partner in depth and consider if an expansion of the relationship could be possible and valuable when considering the intended goal. Here, the strategic fit and the ability to develop mutually beneficial projects should be taken into account. Although it is mostly easier and faster to extend or intensify existing relationships, sometimes no promising partner can be identified from existing relationships and new partners need to be found. When searching systematically, well-defined criteria can be helpful, such as geographical regions, size or maturity level of the partner organization, etc. Including middlemen or using formal and informal networks can support the search.

Once potential collaboration partners are identified, the next step is to plan how a collaboration could be approached. Relevant points to consider are: how to introduce the idea to potential partners, how to initiate a first meeting, and how to follow up. When developing this approach it helps to view potential partners as customers and to market the collaboration by addressing the other's needs and arousing interest in the joint project.

5.6.3 Developing Phase

After prioritizing these partners, which have mutual interests, closely working together is important in order to align goals and develop clear expectations of the collaboration. A useful action in this phase is to jointly develop a detailed implementation plan. This can include a time line with milestones, the resources each partner is going to contribute, and a distribution of responsibilities, tasks and eventually risks.

Even though many successful collaborations are based on oral agreements, written confirmations help to clearly align agreements and to avoid misunderstandings. In this phase particular attention should also be given to the comparability of mission and values of the partner organization since those factors are critical for the success of the collaboration (see chapter 5.4).

5.6.4 Renewing Phase

Once a collaboration is established and realized, frequent reviews and appraisals are helpful to actively manage the development and evolution of a relationship.

An appraisal of an individual collaboration can include: reviewing the strategic fit, analyzing inputs and outcomes of the collaboration, and identifying unexpected benefits or side effects. Based on the appraisal, the partners can jointly decide how to renew the collaboration, e.g., by maintaining, expanding, optimizing certain areas, or abandoning it. Changes should then be translated into a new or adjusted implementation plan. Such appraisal can lead to collaborations that develop and expand over time. A series of examples exists, where loose arrangements between non- and for-profit organizations with limited resource-sharing have evolved over time into important joint ventures with major strategic value for both partners (see, e.g., Austin, 2003).

In addition to assessing individual collaboration, it is helpful to also analyze the collaborations portfolio. Comparing different collaborations, their outcomes and contribution to the social entrepreneur's mission and overall strategy can help to decide on individual collaboration investments. Only relatively few resources should be invested in collaborations focusing on peripheral activities or showing only minor outcomes; significantly greater investments can be made in collaborations with a high importance to the social mission.

5.7 Case Study

The social enterprise *Dialogue in the Dark* is a successful example of a social franchise company. It illustrates how collaborations between the parent organization and local entities can lead to spreading a social innovation worldwide.

Dialogue in the Dark offers exhibitions and business workshops in total darkness where people with visual impairment lead sighted visitors through the dark environment. The goal is first "to raise awareness and create tolerance for Otherness in the general public, thereby overcoming barriers between 'us' and 'them'" and second to "[…] create jobs for disadvantaged people by turning deficits into potentials and thereby strengthen the self-esteem of individuals who are typically under-valued." (Dialogue in the Dark, 2009). Revenue is generated by admission fees and additional income from special events, for example, special programs, coffee shops, dinner events (Volery and Hackl, 2010).

Dialogue in the Dark was founded in 1986 by Andreas Heinecke and the opening of the first exhibition was 1988 in Frankfurt, Germany. Since then, exhibitions all over the world have taken place with more than six million visitors, over 6.000 blind and partially sighted people finding employment through them. The intensive growth could be realized by replicating the successful business model of the first exhibitions worldwide. A new company was founded in 1996, to hold the copyrights of Dialogue in the Dark and the standardized concepts of the exhibitions in the darkness. The company functions as the franchisor. Typical franchisees are organizations for blind people, museums, or other social entrepreneurs who acquire – for a license fee – the rights to use the brand and the know-how on how to set up a new exhibition. Next to the rights and licenses, the franchisor also offers advisory services to support local professionals setting up an exhibition, including support via hotline or email, a software package for booking and reservation, advice on safety requirements, etc. Furthermore, in some countries, Dialogue in the Dark offers the complete implementation of an exhibition. The franchisees are in charge of the on-site organization, in particular for the location, fundraising, marketing, sales, and the recruitment of staff. The ongoing franchise fees are charged per day throughout the time the exhibition is open plus an initial fee for the acquisition of the concept. The fees also depend on the scope of service received from the franchisor. The selection of franchisees is made by the parent organization of Dialogue in the Dark and it is "particularly important to ensure that partners' selection guarantees that the franchise's overall objective can be successfully pursued at the various locations." (Volery and Hackl, 2010). In particular, the franchisor highlights the importance of moral consensus. Identification with the objective of Dialogue in a Dark and a desire for social contribution are expected from potential franchisees. Furthermore, adequate business skills are important and required.

Since the launch of the franchising model over 140 exhibitions in more than 20 countries have been initiated in this manner (Volery and Hackl, 2010).

Questions

1. What resources and capabilities does each partner (the franchisor and the franchisees) offer in the described case study?
2. What are the advantages for the franchisor scaling the social mission through social franchising? What are potential risks?
3. Why do social entrepreneurs have to consider the shared value of partners more carefully than for-profit partners? How are social entrepreneurs particularly vulnerable?
4. What are the characteristics of a successful collaboration?

5.8 Further Reading

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