



MODEL GUIDELINES FOR NONPROFITS EVALUATING PROPOSED RELATIONSHIPS WITH OTHER ORGANIZATIONS

A nonprofit's reputation for integrity, credibility, social responsibility and accountability is its greatest asset. As relationships between governmental agencies, nonprofit organizations and for-profit organizations grow in number and complexity, it is important for non-profit organizations to have clear policies and procedures in place to ensure that the relationships and agreements they enter into and contributions they accept are ethical, promote the mission of the organization, do not involve conflicts of interest, and do not promote activities, organizations or interests that conflict with the organization's goals.

These guidelines are intended to address the most common practical and ethical concerns raised by relationships with and contributions from other organizations. They are general in nature and not intended to address every situation. They reflect the conclusion that ethical issues can be raised by the nature of a partner or contributor as well as by the activity carried out through the partnership or as a result of the contribution. By adapting these guidelines to their own situation, nonprofit organizations can minimize the risk that they will inadvertently enter into relationships that could be publicly embarrassing, internally divisive and counterproductive to organizational goals.

These guidelines are drawn from a review of the literature on this subject. They are intended to help in evaluating a variety of relationships, including giving or receiving financial or in-kind contributions; cosponsoring meetings, programmatic activities, conferences or other events; collaborating or partnering in research, publications and similar projects; and permitting the use of a nonprofit's name or endorsement in cause-related marketing or similar agreements.

Considerations in Evaluating a Proposed Relationship

Fundamental questions to ask before entering a relationship include:

- Does the proposed activity and/or the proposed relationship promote the mission and values of our organization?
- Will the relationship promote or enhance activities or organizations whose goals are inconsistent with the mission and values of our organization?
- Will the relationship maintain our organization's reputation for objectivity, independence, integrity, credibility, social responsibility and accountability?

Answering these questions involves considering the reputation of the proposed partner, the partner's goals, the subject area of the relationship, the partner's role, and the potential positive and negative consequences of the relationship. It is also useful to assess the organization's evaluation process to ensure that the right questions will be asked and answered before commitments are made.

1. Nature of the Proposed Partner

It is important to consider the nature of a proposed partner – its mission, ethical standards and business practices – for two reasons:

- Relationships are based on mutual gain. Therefore, we are helping to advance our partner's cause or interests as well as our own. Before entering into a relationship, we should carefully consider how we are advancing our partner's interests and whether it is consistent with our mission to do so.

- We are judged by the relationships we form. If we associate ourselves with disreputable or unethical partners, our reputation and our ability to fulfill our mission may be seriously compromised.

Key questions about the nature of a potential partner include:

- Is the proposed partner one with which we would be proud to be publicly associated?
- Does the proposed partner share our mission and values?
- Can we stand behind the products, services and positions taken by the partner?
- Are the proposed partner's ethical and scientific standards and business practices consistent with ours?
- In the case of funding from a disreputable or unethical source, would we reject the gift if it were a smaller amount? If so, we should reject a larger gift as well, or acknowledge the price we have placed on our organization's integrity.
- Where a proposed partner has undertaken harmful or unethical activities in the past, and claims to be reformed, have we independently confirmed that it has genuinely reformed and is no longer involved in harmful activities?

2. Goals of the Proposed Partner

- Why does the partner want to work with us?
- Does the proposed partner hope to use our organization's name or its relationship with us to advance its public image, public policy agenda, or its marketing? If so, these goals of the partner should be consistent with our organization's mission and our reputation. Any use of our name should be spelled out in writing in advance to ensure that it is not used to advance an agenda inconsistent with our mission.
- Does the proposed partner expect that a relationship with us will help secure our support or our silence on activities or issues on which we do not agree? This is a strategy sometimes used by corporations attempting implicitly to "buy the silence" of potential critics.
- Is the proposed partner related to, or does it have a history of representing or advancing the interests of, an entity with which we would not partner directly? If so, we should consider the proposed relationship to carry with it an indirect relationship with that entity, and we should subject the proposed partnership to special scrutiny. The partnership should be rejected unless we are able to ensure that this indirect relationship will not raise the same ethical concerns or negative consequences as would a direct relationship. This situation arises most often in the context of parent, subsidiary and affiliated organizations.

3. Potential Conflicts of Interest Due to the Subject Area of the Proposed Relationship

- Does the subject area of the proposed relationship raise special conflict of interest concerns? Such conflicts occur, for example, when corporations involved in a potentially harmful activity seek to influence research, publicity or educational programs about its products or services.

4. Role of the Proposed Partner

- What role will the proposed partner play in the relationship?

- If it is a funding relationship, what “strings” or constraints are attached? Are those constraints justified as a matter of responsible philanthropy – for example, reporting and budget requirements?
- Is the partner attempting to move our organization in a particular direction in terms of the work we do? Is that consistent with our mission?
- Will the partner participate in the design, execution, evaluation or publicity of a project?
- Will the partner approve materials prior to publication?
- Is our independence, objectivity and credibility fully protected, in fact and in public appearance?
- Does our proposed partner have other unwritten expectations about its role in the relationship? If so, these should be identified and put in writing before the relationship is initiated.

5. Potential Consequences of the Relationship

- Are negative consequences foreseeable from this relationship? For example, a relationship that advances the interests of a partner devoted to marketing a harmful product or service, or engaged in unethical business practices, or devoted to racist or other disagreeable causes, all would have foreseeable negative consequences. By lending our name to such an organization through our association, we would be seen as partners in advancing a harmful agenda, seriously damaging our organization’s reputation.
- Is the proposed partner the subject of a boycott or other campaign by environmental, human rights, public health, consumer or other groups? Would our partnership harm an organized effort to sanction or change the behavior of our proposed partner? If so, we should independently investigate the reasons why our proposed partner is in this position before proceeding, and carefully consider the potential harm our partnership could do to the campaign or boycott. We also should consider how our decision to partner with a controversial entity might affect our organization’s reputation, morale and public image.
- How will this relationship affect other relationships of value to us? Will it affect our image, reputation, credibility, ability to raise funds or other important assets?
- Would we be comfortable if the details of this relationship appeared on the front page of a major newspaper?

6. The Evaluation Process

- How does our organization ensure that new relationships are fairly evaluated before we make commitments?
- How often are existing relationships reviewed to ensure that they remain consistent with our policies and mission?
- How do we ensure that evaluations are objective, and are not left to those who are most committed to forming a new relationship?
- What roles do staff play in evaluating relationships?
- At what point should our Board be involved in reviewing and approving relationships?

References

American Council on Science and Health, *Ethical Considerations of Accepting Financial Support from the Tobacco Industry*, White, Larry C., 1991.

American Medical Association, *Guidelines for American Medical Association Corporate Relationships*, 1999, www.ama-assn.org/ama/pub/category/1904.html.

Coalition of Lavender Americans on Smoking and Health and the California Lavender Smokefree Project, "Ethical Funding for LGBT & HIV/AIDS Community-Based Organizations: Practical Considerations when Considering Tobacco, Alcohol and Pharmaceutical Funding," Drabble, L. MSW, MPH, 1998.

Cunningham, P.H., *Damned if You Do, Damned if You Don't* -- *Understanding the Ethical Pitfalls in Cause-Related Marketing*, Indiana University Center on Philanthropy, 1997.

Josephson, Michael, "Tainted Money, Sleazy Donors and Other Questionable Gifts," *NonProfit Times*, Feb. 10, 1989, p. 38-9, 41.

Margolis, L.H., "The Ethics of Accepting Gifts from Pharmaceutical Companies," *Pediatrics*, Vol. 88 pp. 1233-1237, 1991.

Marshall E., "When Commerce and Academics Collide," *Science*, Vol. 248, pp. 152-156, 1990.

Schulz, W.F., "Tips on Ties to Corporate Sponsors," *Chronicle of Philanthropy*, Aug. 27, 1998.

Smith, T., "Sponsorship Guidelines Are a Moral Necessity," *Chronicle of Philanthropy*, Oct. 8, 1998.

U.S. Centers for Disease Control and Prevention, "Guidance for Collaboration With the Private Sector," Manual Guide, General Administration CDC-81, Feb. 18, 1997, www.cdc.gov/maso/GAMG81.htm.

U.S. Centers for Disease Control and Prevention, *Accepting Funds from the Tobacco Industry: CDC Guidance for Collaboration with the Private Sector*, February, 2000, www.cdc.gov/nccdphp/dash/tobaccostatement.htm.