Delivering Value through Cross-Sector Collaborations

By Coral T. Andrews, FACHE, RN, M.B.A.

Cross-sector collaboration offers an opportunity to think dimensionally in creating alignment across an organization. Changes in public sector financing are driving contemplative discussions as healthcare organizations focus on delivering value to their constituents and the broader society. This article provides insights into improved governance of cross-sector partnerships and strategies for healthcare boards and senior leaders that are focused on value creation.

Key Board Takeaways

- Closely assess a prospective partner's mission, values, and/or strategies. That closeness of fit is what is defined as alignment.
- Set high-performing targets in cross-sector partnerships. This has been shown to enhance performance outcomes. Strengthening capabilities necessitates the advancement of multi-sector representation on the board, giving executives job experience to grow toward more complex partnerships, and strategically partnering to achieve short- and long-range goals for value creation.
- Consider what efforts your executive team is making to elevate the reputation of the organization, gain new knowledge, expand resources, and influence the market while attracting new partners for collaboration.
- Survey your organization to assess the potential benefits that can be realized through cross-sector collaboration.

What's in a Name?

Cross-sector collaborations derive their origins from the "field of inter-organizational relationships (IORs)."[1] With healthcare literature being replete with references to public-private partnerships, accountable care organizations (ACOs), and other socially constructed models focused on cost efficiency, it can be overwhelming trying to sort out the definitions.

Cross-sector partnerships are defined as "relatively intensive, long-term interactions between organizations from at least two sectors (business, government, and/or civil society) aimed at addressing a social or environmental problem."[2] In contrast to financial incentives as key drivers to collaborate, cross-sector collaborations may be driven by a desire for increased efficiency, optimizing organizational performance, resource sharing, social networking, and others.[3] Another output may be expanded "administrative capacity" focused toward a goal of collective action.[4]

Complex and expansive problems today have grown beyond what any single organization can solve. The daily news cycle regularly includes stories, from a multi-sectoral perspective, about the broad impact of homelessness and poverty on shared resources. Municipal governments have emerged as prospective partners at the forefront of these issues, alongside other public and private entities. An example of this activity is the Cross-Sector Innovation Initiative.[5] Funded by the Robert Wood Johnson Foundation (RWJF), the Center for Sharing Public Health Services (CSPHS) and the Public Health National Centers for Innovation (PHNCI) have partnered to promote alignment between healthcare, public health, and social services organizations in a cross-sector collaboration. The goal is to help identify and support these organizations in building connections to better meet the goals and needs of the people they serve and ultimately improve health equity.

Developing a Framework for Sustainable Collaboration

Boards and executives should ensure their organizations have a strategic and policy framework focused on balancing risk and sustainability in the pursuit of cross-sector collaboration.

There are four dimensions that have been identified as being important to the success of cross-sector collaborations.[6] They include:

1. Define a process for how relationships are established and developed. The more success that an organization realizes from cross-sector collaborations, the greater the opportunity to yield success in future collaborations. This makes sense as trust is built, knowledge is gained, and the organization advances its ability to negotiate and manage processes.
2. Prioritize missions, strategies, and/or values in organizational alignment.[7] Boards and executives need to closely assess a prospective partner's mission, values, and/or strategies. That closeness of fit is what is defined as alignment.
3. Actively manage the points where the "partner activities interface." In cross-sector partnerships where the business sectors differ (e.g., non-profit vs. for-profit corporations), there may be differing value measures that define success and varying degrees of commitment in sharing resources. Active management helps to mitigate any power imbalances at points where resources intersect.[8]
4. Focus on creating value for the society and the collaborative partnering organizations.[9] There may be differing perceptions of value that need to be identified and sorted out as partners refine their focus. This can be achieved through a "micro, meso, and macro" value measurement exercise.[10]

1 Matthew Murphy, Daniel Arenas, and Joan Manuel Batista, "Value Creation in Cross-Sector Collaborations: The Roles of Experience and Alignment," *Journal of Business Ethics*, August 2015.
2 Amelia Clarke and Andrew Crane, "Cross-Sector Partnerships for Systemic Change: Systematized Literature Review and Agenda for Further Research," *Journal of Business Ethics*, 2018.
3 Murphy, Arenas, and Batista, August 2015.
4 Jose M. Alonso and Rhys Andrews, "Governance by Targets and the Performance of Cross-Sector Partnerships: Do Partner Diversity and Partnership Capabilities Matter?," *Strategic Management Journal*, 2019.
5 For more information, see https://phsharing.org/cross-sector-innovation-initiative.
6 Murphy, Arenas, and Batista, August 2015.
7 *Ibid.*
8 Laura Hartman and Kathy Dhanda, "Cross-Sector Partnerships: An Examination of Success Factors," *Business and Society Review*, 2018.
9 Murphy, Arenas, and Batista, August 2015.
10 Hartman and Dhanda, 2018.

Value creation is the optimal goal of cross-sector collaborations. While payers may structure incentives for hospitals and health systems to form partnerships as part of their community benefit requirement, this article is not intending to summarize those initiatives. Rather, here we focus on cross-sector collaborations based on an organization's desire to strategically broaden its impact on issues of social, cultural, or environmental importance.

How Do Boards Measure Their Degree of Corporate Investment in Cross-Sector Collaboration?

The effectiveness measures from cross-sector partnerships are fragmented in research and literature. The use of varying terminology to create unified measures is one contributing factor. Impact may be measured as "transformative change" or "systemic change" or simply reside across different industry domains. There is no single definition of system change, but a proposed definition is: "the result of actions that lead to a significant alteration within a system, potentially leading to substantial impacts."[11]

Utilizing well-defined targets to compel partner performance may help healthcare boards improve the outcomes of cross-sector collaborations. It was also found that the "benefits of target-setting for partnership performance were stronger when partner diversity was high and partnership capabilities were strong."[12] At times, targets may be established external to an organization such as in legislation by policy-makers. Boards and CEOs will play a key role in designing contractual governance oversight to ensure a balance is achieved between target-setting that motivates collaboration versus that which has inherent disincentives or diminished value outcomes.

It is important to be selective in choosing cross-sector partners. Utilizing a process for determining partner compatibility can begin simply by completing a word search (e.g., "impact" or "value") across the organizational communications and core governance documents. This process helps to highlight where the partners are aligned (by terminology) in their goals of value creation and social impact. This "tone" that is exhibited in the priorities of an organization can help to identify an aligned partner.[13]

Conclusion

Establishing cross-sector partnerships creates opportunities for hospitals and health systems to impact large and complex social or economic problems. Boards and senior leaders should carefully think through who the best partners are for their organizations. The key is a shared focus on alignment to mission, vision, and values. It is also critical to have goals for these collaborations and clear targets for measuring partnership success. This will lead to a collaboration that creates value for the organizations, community, and beyond.

The Governance Institute thanks Coral T. Andrews, FACHE, RN, M.B.A., Executive Consultant, for contributing this article. She can be reached at ctandrews33@gmail.com.

11 Clarke and Crane, 2018.
12 Alonso and Andrews, 2017.
13 Hartman and Dhanda, 2018.