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EIGHT STRATEGIES FOR EFFECTIVE PARTNERSHIPS IN HEALTHCARE

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EIGHT STRATEGIES FOR EFFECTIVE PARTNERSHIPS IN HEALTHCARE

Eight Strategies for Effective Partnerships in Healthcare

Steven A. Wartman, MD, PhD, MACP // President/CEO

INTRODUCTION

Economics can drive institutions together more easily than it drives them apart. In a vibrant marketplace, the search for increased market share, profitability, and economies of scale is inexorable. Such forces can drive sworn competitors to forge partnerships. For evidence, we need look no further than the banking and airline industries where consolidation over the last few decades has fundamentally changed the nature of competition and pricing. Now, it is the healthcare market's turn — where consolidation is manifest.

The nature of healthcare has traditionally made it unique in the marketplace, given that consumers generally have limited knowledge of what they are purchasing and are mostly detached from direct payment through third-party insurance. That is changing, however. The advent of health insurance exchanges and the growth of store-based ambulatory clinics have brought the realities of healthcare costs much closer to the public. Ratings of healthcare providers give consumers more information than they have traditionally had, as do the various internet and social media sites—some of dubious quality—that purport to report on outcomes and best practices for specific conditions.

For traditional healthcare institutions to flourish (or even survive), the quest for leverage is essential. Continuing consolidation in the healthcare field is not just likely, but presumably inevitable.

Consolidation can take various forms, such as mergers, acquisitions, or partnerships. In a classic merger, two or more independent entities create a new, single business with a single governing board. This formulation may or may not involve a full asset merger. An acquisition involves the purchase of one or more entities by another in which all debts and assets are assumed under the parent company. A partnership, on the other hand, combines institutions that retain their individual identities and separate governance structures, and creates a larger decision-making entity for the partnership as a whole according to an agreed-upon formula, with power shared in ways that may vary.

For the immediate future, given the history and localized nature of healthcare, it is likely that the partnership model will be a popular one. This is especially true for fiercely independent entities, such as strong corporations with readily identifiable brands and academic health centers that have deep scholarly and education traditions along with substantial revenue bases. This commentary focuses on the strategies for successful partnerships in healthcare, although many of the principles enunciated may apply to both merged and acquired entities.

EIGHT STRATEGIES

The fundamental collaborative challenge in healthcare partnerships centers on mission alignment. It is entirely reasonable (and expected) that different organizations will have different priorities and strategic visions. A common—and major—mistake is the assumption by one or more partners that they will be able to drive their missions across the partnership with the same focus and prioritization they had before the partnership was formed. In reality, rather than seeking to drive individual institutional missions under an umbrella agreement, the partnership must strive to achieve an operational form of mission alignment. This means that respect for "mission differences" must be built strategically into the newly created conglomerate. Eight key strategies to build successful partnerships can help collaborators reach that end *(see Table 1)*.

STRATEGY 1: Decide on the best mission balance for the organizations.

As noted above, institutions bring their own missions and priorities to a partnership. If the partnership is to be successful, some balance among or between those missions must be struck. One essential is to emphasize those areas where each institution can make the most difference and greatest contributions, and then plan accordingly. Methodologies and tools need to be developed that can assess efficiencies and outcomes, as well as gauge how to account for optimization, especially in those areas chosen for emphasis. Determining mission balance can serve as an important guide for institutional investment strategies.

STRATEGY 2: Create a bridge board or its equivalent.

Composed of key members of the various partners' boards, this body oversees implementation of the partnerships, sets the tone for productive engagement between the parties involved, and creates an oversight body that can monitor the execution of the collaboration. It also provides an important venue for members of different boards to get to know key issues in more depth and to know each other. The charge to this body should be crafted carefully to ensure that its role is to manage the big-picture dimensions of the partnerships, not the operational details. This board should be given some authority to evaluate the senior leadership who are engaged in the partnership. Depending on its evolution, this bridge board may evolve to a more permanent and authoritative entity.

STRATEGY 3: Be prepared to give up something to make the partnership work.

If by definition a "partnership" is an arrangement where parties agree to cooperate to advance their mutual interests, each partner must demonstrate their confidence in the value of their participation. Recognizing that each partner has different strengths is one thing, but knitting together these strengths requires a level playing field where each participant trusts the other and is willing to give up something to advance the common cause. This goes beyond monetary support, in that an overbearing focus on finances can in and of itself lead to insurmountable issues of control and dominance. Rather, this includes programmatic subtractions: What can each partner cede to the other that enhances the implementation of the common mission? By giving up something, each partner demonstrates profound trust in the newly formed entity.

STRATEGY 4: Form an implementation team across the partnership.

While strategy is necessary to drive a partnership, strategy alone is not enough: It is absolutely essential that the strategic vision be executed, and executed well. A team, appointed from the onset, should be tasked with the job of operationalizing the partnership. The size and composition of the team can vary, but its work should be the full-time effort of the team members, who are thereby not conflicted with other, more parochial duties. Members can be selected from each institution and/or from the outside.

STRATEGY 5: Leave egos at the door.

Leaders of major institutions tend not to be "shrinking violets" and often have strong personalities. Exercising the full force of those personalities will likely be counterproductive to a successful partnership. Each leader must believe that the other partner(s) makes his/her institution better and should behave accordingly. If institutional leaders in a partnership are not skilled in exercising the requisite tools, the partnership may not succeed or live up to its desired potential. Boards of directors need to pay close attention to this dynamic as they monitor the ongoing roll-out of the partnership. A frank assessment of leadership skills in a proposed or ongoing partnership is necessary, as a different gauge is often required to judge performance. Confidence or arrogance should not be confused with competence, and emotional intelligence is as necessary as intellectual capacity.

STRATEGY 6: Work to overcome the existential problem with partnerships.

The insightful writer Clay Shirky has observed that "institutions will try to preserve the problem to which they are the solution."[1] Partners in a newly forming collaborative effort would do well to keep that admonition in mind as they execute their partnership. There are inherent characteristics in partnerships that sometimes serve naturally as strong impediments to collaboration and which, therefore, must be overcome if the partnership is to be successful. Paying close attention to behavioral patterns around the table (real or virtual) is essential. It doesn't take long in a meeting to notice those who "don't seem to get it" and position themselves in an obstructive manner. If a member is perceived as "preserving the problem," he/she should be called out in private.

STRATEGY 7: Manage the clash of horizontal and vertical forces.

Each partnering institution will have, as a manner of course, its own way of getting work done—modes of operation that are often deeply entrenched. Employees at every level are generally comfortable with the status quo and will often perceive a newly created partnership as a threat. This common phenomenon can be described as the clash of horizontal (the partnership as a whole) and vertical (the individual institutions) forces. Leadership must be acutely aware of this issue and develop straightforward strategies to deal with it. Frequent communications in any and every form are necessary. Listening and responding thoughtfully are essential to managing this clash: ignore it at the partnership's peril.

1: Kelly K. The Shirky Principle. The Technium; 2010. http://kk.org/thetechnium/2010/04/the-shirky-prin/

STRATEGY 8: Adapt new business models that work for the system as a whole.

The success of a new partnership requires much more than simply the application of old business models to some newly organized system. Rather, new business models need to be adapted and/or developed specifically for the new entity formed by the partnership. This is hard, but necessary, work. These new models need to consider the operational implications of the changing clinical care delivery and payment systems in the relevant catchment areas. For academic health centers, new models also need to consider research trends and new education platforms. Participants in this conversation must ask themselves this critical question: What needs to be done differently and how can we effect that change?

CONCLUDING COMMENTS

The rapidly consolidating healthcare market is catalyzing the development of various partnership arrangements. Whether the nature of a collaboration is local, regional, or national in scope, partnering successfully with institutions that have different histories, corporate philosophies, and priorities can be immensely challenging. The planning required to consummate a partnership can take enormous time and energy. At worse, such efforts fail to get off the ground, fall apart once they are established, or limp along and never achieve their goals. Intentionality, commitment, and care are all requisites for making partnerships succeed.

As should be evident, successful partnerships are not solely dependent on finding the right financial model. Rather, they are dependent on a deeper understanding and appreciation of the institutions involved along with a plan that engages the strengths of each institution and the partnership as a whole. Ultimately, the ability to execute the plan aligned with a suitably engaged and emotionally intelligent leadership is essential. The evolving competitive healthcare market demands no less.

Table 1. Strategies for successful partnerships in healthcare

STRATEGY 1	Decide on the best mission-balance for the organizations.
STRATEGY 2	Create a bridge board or its equivalent.
STRATEGY 3	Be prepared to give up something to make the partnership work.
STRATEGY 4	Form an implementation team across the partnership.
STRATEGY 5	Leave egos at the door.
STRATEGY 6	Work to overcome the existential problem with partnerships.
STRATEGY 7	Manage the clash of horizontal and vertical forces.
STRATEGY 8	Adapt new business models that work for the system as a whole.

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1400 Sixteenth Street, NW, Suite 720
Washington, DC 20036
202.265.9600 FAX 202.265.7514
www.aahcdc.org