

# Leadership for Long Term Sustainability: The Role of the Board and ED in Collaboration

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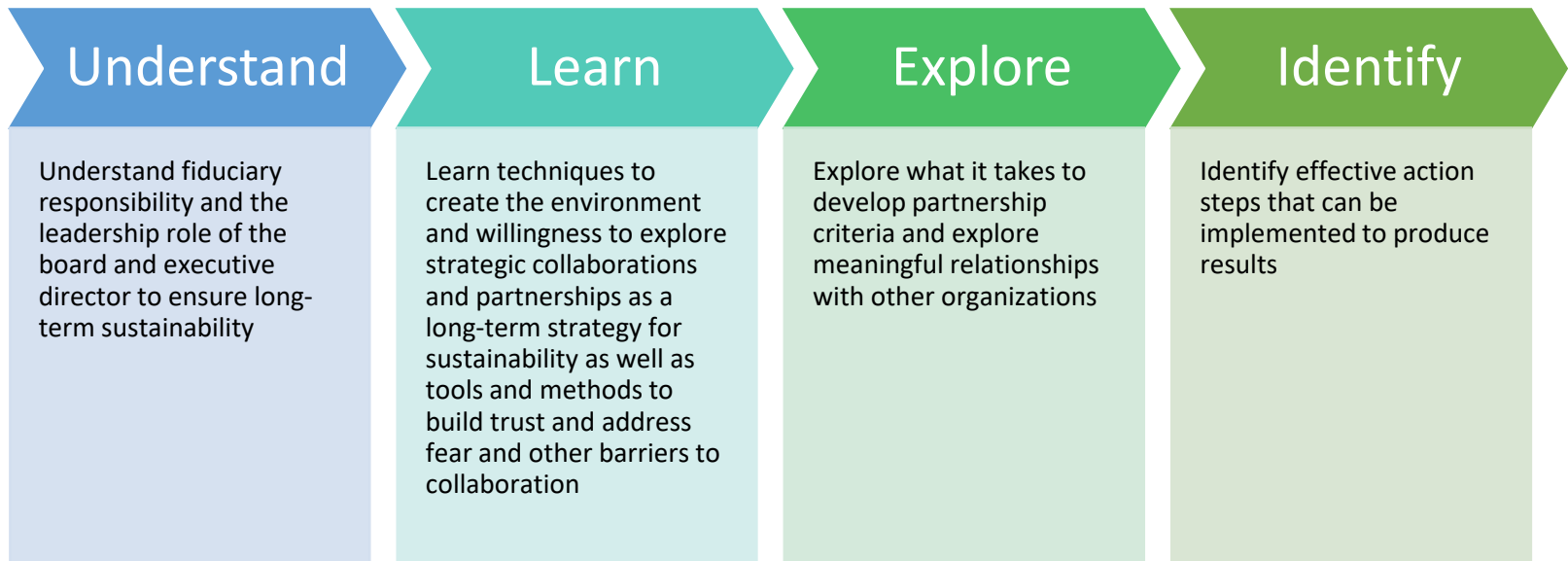
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# Objectives for Today:

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# *Standards for* excellence

AN ETHICS AND ACCOUNTABILITY CODE  
FOR THE NONPROFIT SECTOR



**PANO**

Pennsylvania Association of  
Nonprofit Organizations

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**PNC**  
INSTITUTIONAL  
ASSET MANAGEMENT

# Standards for Excellence: What are they?

- **6 Guiding Principles, 27 areas of focus and 67 Benchmarks:**
  - *Preamble*
  - *Mission, Strategy and Evaluation*
  - *Leadership: Board, Staff and Volunteers*
  - *Legal Compliance and Ethics*
  - *Finance and Operations*
  - *Resource Development*
  - *Public Awareness, Engagement and Advocacy*

# The Standards for Excellence Code

- **The code provides a framework and step-by-step guidelines to achieve a well-managed and responsibly governed organization.**

# Leadership and Governance

- Governance and Fiduciary Responsibility
- Members committed to the mission
- Members understand fiduciary role
- Periodic review of bylaws and policies



# Standard:

## Leadership and Governance

### Act in Accordance with Legal Standards:

- **DUTY OF CARE:**

Stay informed and ask questions.

- **DUTY OF LOYALTY:**

Show undivided allegiance to organization's welfare.

# Leadership and Governance

## Key Functions of the Board:

- **Strategic** – what to do, with whom and where.
- **Generative** – organization culture, values, beliefs and assumptions.

**Leadership + Adaptability + Capacity = Sustainability**

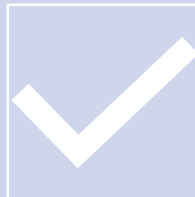
# Tools for Assessing Sustainability



***Standards for Excellence®***  
Organizational Assessment  
and Planning Tool &  
Sustainability Checklist



Industry and product  
lifecycle analysis



Organizational “Capacity  
Assessment” tool(s)

*Standards for  
Excellence<sup>®</sup>*  
Organizational  
Assessment &  
Planning Tool

Benchmarks	Measures
MISSION, STRATEGY, and EVALUATION	
<b>A. Mission and Impact</b>	
(1) A nonprofit should have a mission statement that is a clear and formal statement of the organization's purpose as defined and approved by the board of directors. The organization's activities should be consistent with its	The statement of mission is clear
	The mission is defined and approved by the board
	The organization's activities are consistent with its mission
(2) A nonprofit should be able to articulate how its mission is supported by a statement of the organization's	The organization has a vision statement and it is clearly connected to the mission (see also B1 below)***
<b>B. Planning Strategically</b>	
(1) Nonprofits should engage in ongoing long and short-term strategic and tactical planning activities as necessary to determine the mission of the organization, to define specific goals and objectives related to the mission, and to evaluate the success of the organization's programs toward achieving the mission.	The organization engages in long-term planning activities (strategic planning, financial forecasting, sustainability planning,
	The organization engages in short-term planning activities (annual planning, work plans, implementation planning, etc.)
	The organization defines specific goals and objectives and these goals clearly support the organization's mission***
	The organization evaluates the success of the organization's programs (success is measured by mission fulfillment)
(2) A nonprofit should periodically revisit its mission (i.e., at a minimum every five years) to determine whether the need for its programs or services continues to exist. In light of societal changes and critical strategic issues, the organization should evaluate whether its programs should be modified, expanded, or discontinued to meet	The organization's board and staff have reviewed the mission statement within the last 3 to 5 years
	The organization has identified critical strategic issues and trends in their community***
	The organization has evaluated the need for its programs***

Note: Teal = Basics Tier Requirements. Green = Accreditation Requirements.

\*\*\* added as part of Standards 2.0

# *Standards for Excellence:®*

## Sustainability Checklist

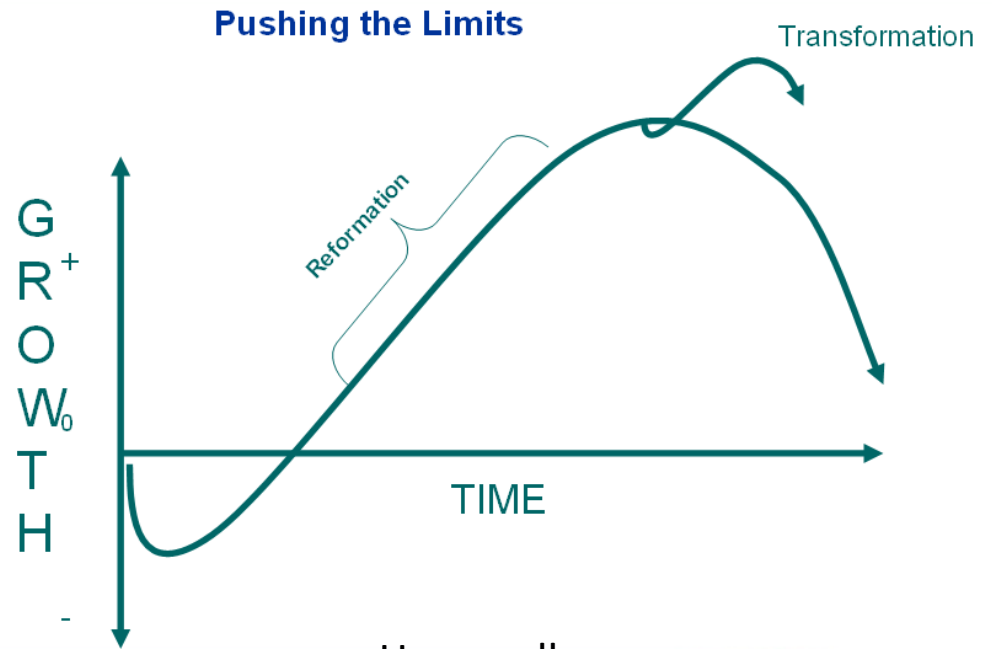
All of the key systems and processes are in place:

- ☐ Mission, Vision, Purpose, Relevance
- ☐ Risk Assessment and Planning
- ☐ Strategic Planning and Assessment of External Factors
- ☐ Crisis or Contingency Planning
- ☐ Board Development and Succession Planning
- ☐ Staff Development and Succession Planning
- ☐ Resource Development Planning
- ☐ Product/Service/Program Delivery and Evaluation
- ☐ Operational Systems and Policies
- ☐ Long-Term Financial Planning



# Industry and Product Lifecycle Analysis:

What does it take to create a sustainable business model?



How well are we adapting to industry changes and consumer expectations?

# First-Curve to Second-Curve Markets

How will **hospitals** successfully navigate the shift from first-curve to second-curve economics?

**Nonprofit Organizations**

## Volume-Based First Curve

- Fee-for-service reimbursement
- High quality not rewarded
- No shared financial risk
- Acute inpatient hospital focus
- IT investment incentives not seen by hospital
- Stand-alone care systems can thrive
- Regulatory actions impede hospital-physician collaboration

## Value-Based Second Curve

- Payment rewards population value: quality and efficiency
- Quality impacts reimbursement
- Partnerships with shared risk
- Increased patient severity
- IT utilization essential for population health management
- Scale increases in importance
- Realigned incentives, encouraged coordination

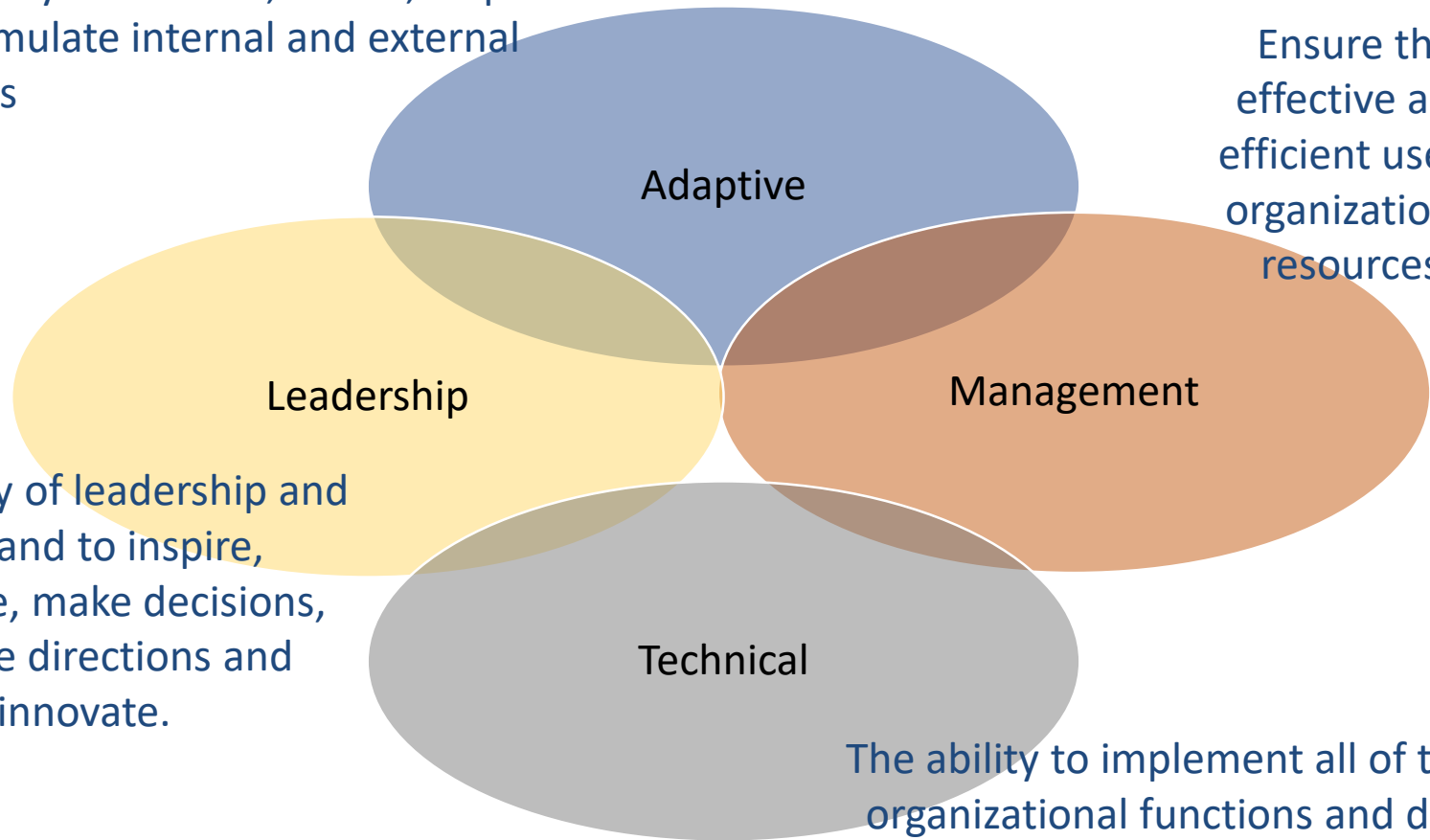
THE GAP

*There is a “sea change” happening in every industry to “value based” outcomes that every organization must adapt to.....can we generate enough “cash” for strategic investment to make this shift?*

# Organizational Capacity Assessment Tools: Connolly

The ability to monitor, assess, respond to and stimulate internal and external changes

Ensure the effective and efficient use of organizational resources.



The ability of leadership and staff and to inspire, prioritize, make decisions, provide directions and innovate.

The ability to implement all of the key organizational functions and deliver products and services.

**Source:** [Navigating the Organizational Lifecycle:](#)

[A Capacity-Building Guide for Nonprofit Leaders](#) by Paul Connolly

# Internal Capacity Self-Assessment

## Leadership

- Board Development
  - Finding the right board members
- Executive Leadership Development
  - Leadership transitions and dealing with Founder's Syndrome

## Adaptive

- Needs assessments
- Organizational assessment
- Program evaluation
- Knowledge management
- Strategic planning
- Collaborations and partnerships

## Management

- Human resource development and management
- Internal communications
- Financial management

# Internal Capacity Self-Assessment Technical

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1. Product Development Planning (Fast, Effective and Adaptive, including market research)
2. Outreach and Advocacy
3. Program Operations (standardization so programs can be replicated)
4. Outcomes Measurement, Management AND Program Evaluation
5. Earned Income Generation
6. Information Technology
7. Finance (including access to capital)
8. Accounting (including process cost accounting)
9. Fundraising
10. Legal
11. Facilities
12. Marketing and Communications
13. Human Resources
14. Other(s).....

*The most significant challenge today is that training and capacity building alone (and gap filling consulting projects) are not going to be sufficient for the small-medium sized nonprofit to address these technical needs. All nonprofits need access to expert assistance in EACH of these areas on an ongoing basis to be sustainable.*

Think  
about it....

Does your nonprofit really have a sustainable business model?

- If a \$475 million health system does not have the required technical capacity and purchasing power to generate enough cash for strategic investment on its own without affiliating with a UPMC (or equivalent), then how does the small to medium sized nonprofit have a sustainable business model?

Key strategic question:

- How do we build a “collaborative” corporate support model that allows our nonprofit programs to retain their individual “brand identity” (such as Pepsi, Pizza Hut, Taco Bell and KFC) but allows them to benefit from cost savings, strong back office operations and technical expertise?

# Standard: Mission, Strategy and Evaluation

- **Strategic Partnerships:**
  - Partnerships are mission driven.
  - Board approved policy – with whom and how partnerships work.
  - Includes:
    - Due diligence.
    - Agreements, MOUs.



# Strategic Partnership Standard

- Nonprofits engaging in strategic partnerships and formal alliances with other organizations should do so within the context of a board-approved policy outlining the goals and parameters of such partnerships. Depending on the type of strategic partnership, nonprofits should ensure that proper due diligence has been followed and that agreements, memoranda of understanding, or similar documentation have been thoughtfully reviewed and considered.

# Strategic Partnership Standard

Benchmark	Measures
<b>E. Strategic Partnerships</b>	
(1) Nonprofits engaging in strategic partnerships and formal alliances with other organizations should do so within the context of a board-approved policy outlining the goals and parameters of such partnerships. Depending on the type of strategic partnership, nonprofits should ensure that proper due diligence has been followed and that agreements, memoranda of understanding, or similar documentation have been thoughtfully reviewed and considered.	The organization partners with other organizations to help meet its mission
	The organization has a procedure for determining who to partner with on what programs or issues
	The organization completes due diligence on potential partners
	Where the partnership would require it, the organization has in place a contract, MOU, or similar documentation

# Barriers to Collaboration and Partnership: (Real or Perceived)



Fears and assumptions  
about potential  
collaborators

Loss of control  
Loss of identity



Language and cultural differences



Lack of understanding of capacity building  
opportunities available through collaboration



Pain of the present not strong enough



Lack of bandwidth



Opportunity cost(s) associated with the planning

# Role of the Board in Collaboration and Partnerships



Determining where and how collaboration and/or partnership contributes to sustainability



Highly dependent on the autonomy retained in the collaboration or partnership



Activities could include:

- Fact finding
- Partnership criteria
- Parameter setting
- Partnership evaluation
- Ultimate approval

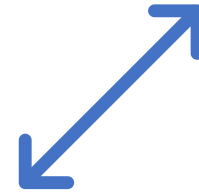
# Identifying and Vetting Potential Partners or Collaborators: Criteria to Consider



**Alignment** – Will this further our mission and programs in a meaningful way? Does it align with our current programs? Does this compete with other offerings? Are the image, activities, and values of the partner consistent with our own? How does this contribute something new?



**Benefit** – What benefits or considerations will the partners provide each other? How are we improving ourselves as an organization, raising our visibility, and helping our stakeholders? How will we evaluation the success of this effort?

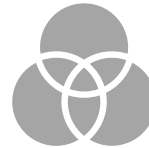


**Continuity** – Is this a single or short-term event or will it be ongoing? Do we have the capacity and desire to sustain the effort?

# Identifying and Vetting Potential Partners or Collaborators: Criteria to Consider



**Delivery** – Do we have the capacity to do this? If not, what would be required to do so? What are the risks, including reputation, legal, financial, and opportunity costs?



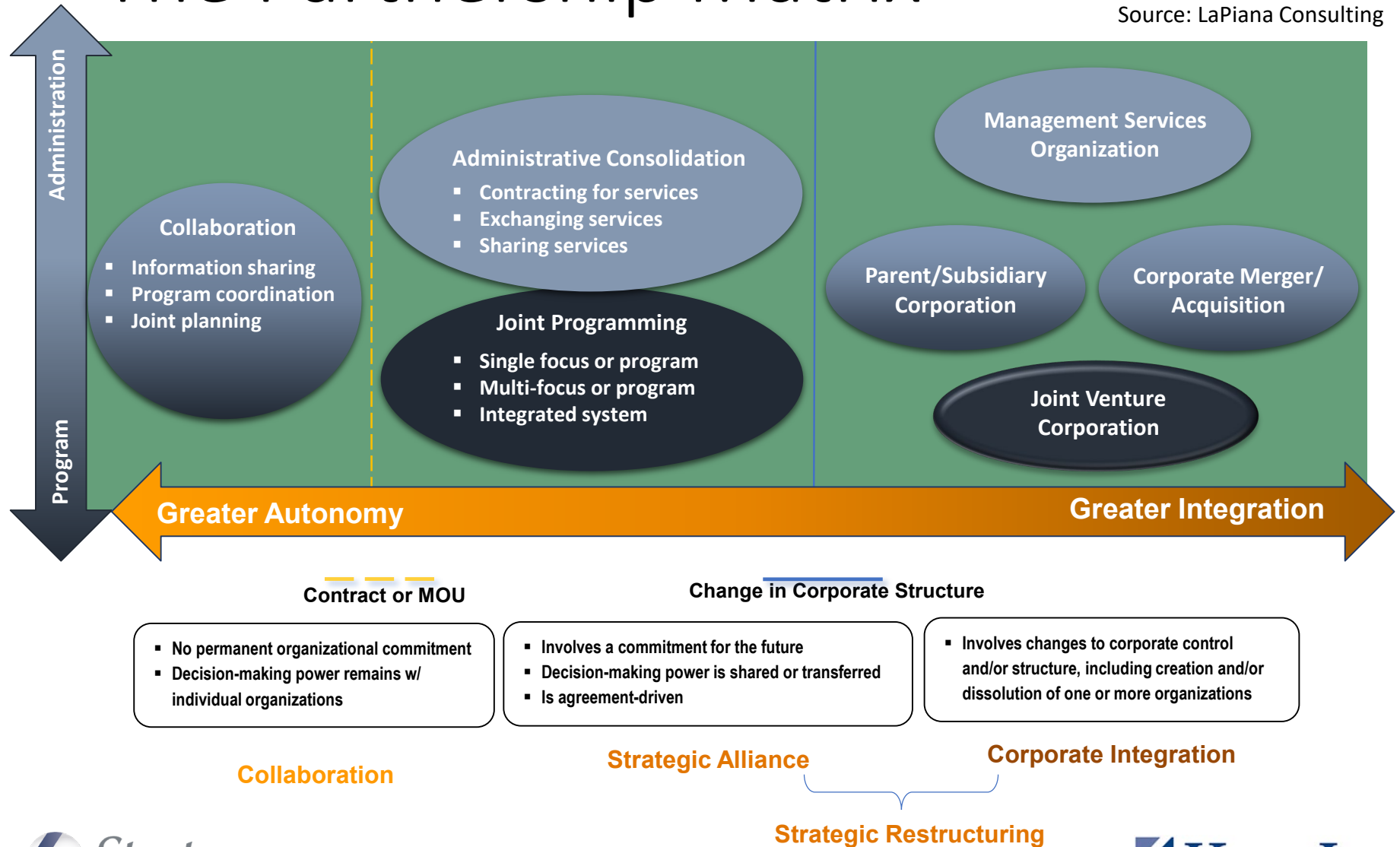
**Equity** – Does the relationship provide the opportunity for equal value or benefit? If unequal, is this justified and understood? Are roles, relationships, and obligations clearly defined?



**Financial** – What will this cost us? Will we derive income?

# The Partnership Matrix

Source: LaPiana Consulting



# Partnership (Autonomous or Light): Collaboration

## Examples:

- Information sharing
- Program coordination
- Joint planning

## Features:

- No permanent organizational commitment
- Decision-making power remains with the individual organizations

# The Spectrum of Collaboration



Organization has scheduled routine coalition meetings with others. There is regular interaction among all levels of staff at various organizations.

Organization makes regular referrals to others and has a system in place to receive referrals from others.

Organization shares service provision and reporting with another organization. More than “referrals” are exchanged – this may include case notes or joint eligibility applications.

Organization mutually shares resources with another organization. This may include a sub-grantee relationship or sharing of space, staff, time, administrative duties, marketing and/or outreach.

There is a “merged” component of service delivery or administration function. There is a strong interdependence on another organization.

High collaboration starts to move to administrative consolidation/joint programming

# Partnership (Medium): Administrative Consolidation/Joint Programming

## Examples:

- Administrative consolidation: contracting for, exchanging or sharing services
- Joint Programming: single, multiple or integrated system

## Feature:

- Involves a commitment for the future
- Decision-making power is shared or transferred
- Is agreement-driven

# Partnership (Heavy or Serious): Corporate Integration Opportunities

## Examples:

- Management Service Organization
- Parent/subsidiary organization
- Corporate acquisition/merger
- Joint venture corporation

## Features:

- Involves changes to corporate control and/or structure, including creation and/or dissolution of one or more organizations

# Strategic Restructuring Process

These are the steps to follow if you are considering a more serious or formal relationship beyond (simple) collaboration:



Source: La Piana Consulting © 2010

# Develop Partnership Criteria

- What might your organization look for in a collaborator or partner?
- What is the criteria that your organization could use to select a collaborator or partner?

Case Study:  
The 5 C's of  
Collaboration  
and

Clinical

Capital

Culture

Community

Control

# Understanding Trust

## Reliability

- Consistency
- Dependability
- Demonstrated commitment
- Dedicated to mission
- Diligent

## Openness

- Open communications
- Genuine talking and listening
- Sharing important information
- Important information not hidden
- Sharing decision making
- Shared power

## Integrity

- Walking the talk
- Truthfulness
- Agreements honored
- Authenticity
- Responsibilities accepted
- Manipulation avoided
- Committed to doing what is right

## Benevolence

- Environment of good will and caring
- Positive interactions
- Appreciation expressed
- Fair
- Confidences maintained
- "Well-being" is looked after
- People willing to go the extra mile
- Perform to expectations
- Demonstrated skill in areas of professional accountability
- Setting standards of excellence
- Results oriented
- Flexibility/adaptability
- Willingness to fulfill responsibilities

## Competence

- Perform to expectations
- Demonstrated skill in areas of professional accountability
- Setting standards of excellence
- Results oriented
- Flexibility/adaptability
- Willingness to fulfill responsibilities

# Taking Action

- Where do we go from here?
  - Develop a Strategic Partnerships Policy (with board approval) if you don't have one
  - Discuss the following questions:
    - What can we do to assess our organization's potential sustainability and consider partnership options?
    - What can we do to initiate or enhance collaborations or partnerships to improve our organization's sustainability?

## *Questions/Discussion*

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