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The time has come for dramatic change – a change we must embrace if we are to see results rather than rhetoric. This is reflected in the significant increase being observed in efforts for system reforms and innovation. To achieve this, however, it is crucial to understand that working with complex or intractable issues requires a different way of operating if a sustainable change is to be achieved. Partnering - specifically cross sector partnering - is the means to this end.

Over ten years worth of evidence, both anecdotal and empirical, demonstrates that cross sector partnering is being used more and more to find solutions to the significant challenges in the 'too hard basket'; such as unemployment, poverty, pollution, an ageing population, economic pressures, and increasing productivity through innovation.

This global momentum around cross sector partnering has also resulted from the emergence of a number of new approaches to developing a more sustainable and equitable world; such as Shared Value, Blended Value, Collective Impact and Impact Investing to name a few.

All of these approaches involve the different sectors coming together and working in new ways to achieve transformational change and innovation, and to create a greater impact than what is possible by working alone. Cross sector partnering is the enabler that, if carried out effectively, will lead to the outcomes that we are seeking.

This paper addresses the challenges around maximising the potential and value from cross sector partnering and what it takes for individuals and organisations to set the right conditions for this to occur.



So are we really getting the value and outcomes we are seeking from these cross sector collaborations given the level of investment of resources and time that is required?

When we look closely at how cross sector partnering is being adopted around the world we can see a number of factors limiting the value from this new way of working, such as:

CONFUSING LANGUAGE

There is considerable confusion around language, with a lack of clarity and consistency around terms such as 'partnering' and 'cross sector partnering'. In fact, the word 'partnering' has become so generic and is often interpreted so differently that it is does little more than give a general idea that it involves some form of relationship with another sector, organisation or individual. This lack of clarity around defining the different types of partnering and how they can be used in different circumstances often leads to misunderstandings, unrealistic expectations and loss of potential.

LACK OF CLARITY AROUND VALUE CREATION

There is a lack of understanding of the value that can be created from cross sector partnering; be it economic, social and environmental value for individuals, organisations or society as a whole.

In his recent work investigating and researching Collaborative Value Creation, James Austin¹ from Harvard University wrote:

"There is confusion or limited recognition of the differences in value creation potential across different types of collaborative relationships. These impede shared understanding and the ability to co create value."

While many organisations have embraced various forms of cross sector partnering it is clear that a greater degree of rigour is required to assess what added value is actually being achieved and how this can be enhanced.

INADEQUATE SKILLS

There is an assumption that working beyond the boundaries of your own organisation and/or sector is easy and that people should just be able to 'partner'. What we see in practice, however, is that cross sector partnering is by no means easy. It involves an extremely complex set of relationships that require considerable understanding and skill in brokering between partners to achieve outcomes. In fact it requires a specific skill set that is becoming increasingly recognised internationally as a prerequisite for effective partnering.

LIMITED ORGANISATIONAL CAPABILITY

While many organisations espouse their partnering credentials very few have had the internal conversations that are needed to gain clarity around this subject. This leads to little understanding of just what partnering means to the organisation, how it should be used and what type of partnering should be entered into at what time. Combined with bureaucratic structures, old systems and the tendency for organisations to fragment and create endless 'silos', actively works against collaboration and effective cross sector partnering.

UNREALISED OPPORTUNITIES

The lack of knowledge and understanding by organisations of other sectors can leave opportunities for collaboration and partnering untapped. Just as each sector has different drivers, different modes of operation and a different strategic intent, each sector also has many different and diverse attributes they can bring to the table in a partnering opportunity. There is a need for greater understanding of what each sector can contribute to solving complex challenges and to encourage greater exploration of cross sectoral engagement.

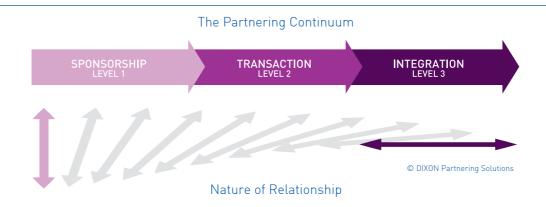
While these are just a few of the factors we believe are limiting the potential for partnering to add value and achieve higher impact outcomes, we also believe there is a way forward. One that involves greater clarification and understanding of cross sector partnering and requires organisations to develop some key attributes to enable this form of partnering to flourish and deliver results.

¹ Collaborative Value Creation: A Review of Partnering Between Nonprofits and Businesses: Part1. James E Austin and M May Seitanidi (2012)



For example, we see partnerships that range from sponsorships or donor-recipient type relationships at one end of the spectrum, to highly integrated relationships at the other end. Looking at how these relationships differ will clarify which type of partnering we need to engage in and what added value we may hope to achieve.

One way to look at this is by using a Partnering Continuum that shows the different types of partnering relationships across the full spectrum. While there are a multitude of relationships in practice, we have adapted this continuum based on the earlier work by James Austin² in 2000.



Level One: Sponsorship

- a donor-recipient model in which one of the partners makes contributions to the other. Usually a one-way relationship in which both parties may see benefits but with few exchanges and generally low risk. We refer to this as a 'vertical' type relationship as there is a dominant partner.

Level Two: Transaction

- an exchange between parties that may involve people, time and resources as well as money. A two-way relationship requiring more planning and time but potentially delivering greater strategic value. This type of relationship still tends to be 'vertical' in nature as there is a dominant partner directing the other partner(s).

Level Three: Integration

- where partners co-create and co-design solutions around shared goals or a common issue. The partners enhance one another's capacity, participate actively and have high levels of trust. We refer to this as a 'horizontal' type relationship as the partners are working side by side. This form of cross sector partnering is where innovation and transformational change takes place.

If we take a closer look at these different levels of partnering we will see that in Level 1 and 2 the solution or final outcome is clearly defined at the outset. The purpose of the relationship is to gain something from the other party so as to achieve this known solution.

For example in a sponsorship (Level 1) arrangement, one organisation usually has a clear need and is seeking something by way of resources, either cash

or in kind, to assist in undertaking some activity. If we take the transactional (Level 2) relationship, a typical example is when one organisation needs to undertake a project, activity or deliver a service program but does not have all the resources at hand. The solution is known and resource exchanges take place between the two organisations to enable the activity to be undertaken.

Inevitably Level 1 or Level 2 type relationships result in some form of contractual arrangement that documents the relationship and imposes certain obligations on one of the 'partners'.

In Level 3, however, this is not the case. The potential partners come together around a common issue or a challenge and create the solution together. This is a fundamentally different type of relationship that gives the opportunity to create and develop new solutions that were not previously thought possible. Level 3 partnerships are those required to address complex issues and to achieve innovation and transformational change. Key to these partnerships' success is an understanding of, and an ability to, work in complex systems.

It is important to note that partnering relationships can also be dynamic and may change over time; moving from Level 1 towards Level 3 or in reverse depending on the context at that time.

While all of these types of partnering relationships are valid and may be appropriate in given circumstances, the key is to be able to distinguish which level of partnering is required for a particular situation and ensure that this meets the expectations of other potential partners.

² The Collaboration Challenge: How Nonprofits and Businesses Succeed Through Strategic Alliances: James E Austin 2000



CREATING VALUE

The fundamental purpose of cross sector partnering is to create some form of added value. If we look at some recent global thinking around 'value creation' we can see a number of schools of thought emerging.

Porter and Kramer in their work on Shared Value³ talk of the value achieved by businesses working with not-forprofits "which involves creating economic value in a way that also creates value for society by addressing its needs and challenges". This is an extension of normal approaches to Corporate Social Responsibility that are traditionally more focused on achieving just social good.

Jed Emerson in his work on Blended Value⁴ states: "value' is itself a combination, a 'blend' of economic, environmental and social factors, and that maximising value requires taking all three elements into account".

More recently Collective Impact⁵ is being promoted as a way of gaining value through "the commitment of a group of important actors from different sectors to a common agenda for solving a specific social problem".

In his latest work exploring partnering between not-for-profit organisations and businesses, Austin⁶ defines collaborative value as "...the transitory and enduring benefits relative to the costs that are generated due to the interaction of the collaborators and that accrue to organisations, individuals and the society".

So whatever school of thought you subscribe to, when we start looking at the type of added value we are seeking, we need to be very clear about just what type of cross sector partnering relationship will achieve this value.

If we now look more closely at the different levels of partnering relationships defined earlier we can start to assess the various types of value that can be created based on the relationship.

Level 1 – these sponsorship type relationships are essentially 'one way' in terms of a tangible resource flow from the donor to the recipient. In some cases there may be no reciprocal value sought, it may be a straight philanthropic donation. In other cases the donor may be seeking some additional brand recognition or some additional credibility in return for the donation. These types of relationships require minimal interaction, do not require high levels of trust and can be started and stopped very easily.

Level 2 – these transaction relationships are founded on resource exchanges. Commonly we see large organisations that wish to undertake a project or activity and require specialist skills; or government entities that wish to deliver a program of services and want to outsource this activity, adopting this approach. While the relationship is effectively contractual it may still be called partnering as it infers a closer working relationship in how the program or activity may be conducted and still requires sign up and agreement to goals and objectives.

In this type of transactional relationship the solution is generally known. The project has been defined or the services have been designed. The principal aim is to gain access to other resources that the main proponent does not have. While it may see exchanges

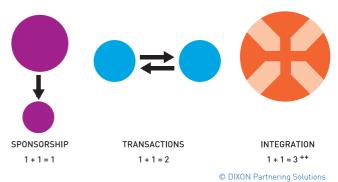
of resources between each organisation, for example financial in return for labor, the value derived is related to the type of resource transferred and how this is valued by the other partner(s).

Level 3 – in this integration type of relationship we see something entirely different. There is no straightforward or known solution to the issue or challenge being addressed. Typically there are multiple causal factors as well as multiple stakeholders who are involved. It requires an understanding of complex systems as well as different tools and approaches. Potential partners come together around a common issue to co-create and co-design the solution. It requires a fundamentally different type of relationship between the partners; one that requires greater equity and transparency for it to survive and deliver.

This type of relationship offers the greatest opportunity to develop added value. By bringing together individuals and organisations from different sectors we can unlock the diversity of thinking and different skill sets to enable people to work in new ways and to solve problems and challenges not previously thought possible.

It is this type of cross sector partnering relationship where transformational change is most likely to occur. This is where we have the potential to gain what Austin⁷ describes as *'Synergistic Value'*, *"...* where combining partners resources enables them to accomplish more together than they could have separately".

A simple depiction of these types of relationships and the value derived is shown below:



The Value Equation

If we look at the majority of partnering that is taking place globally there is a predominance of Level 1 and Level 2 type relationships. But while we see fewer Level 3 type relationships in action, many people aspire to this level. So what is so different about this type of cross sector partnering relationship and why is it so hard to achieve?

³ Creating Shared Value: How to reinvent capitalism – and unleash a wave of innovation and growth – by Michael E. Porter and Mark R. Kramer (2011)

⁴ The Blended Value Map: Tracking the Intersects and Opportunities of Economic, Social and Environmental Value Creation. Jed Emerson

⁵ Collective Impact: John Kania and Mark Kramer, Stanford Social Innovation Review (2011)

⁶ ibid

⁷ ibid



This type of partnering is based on respect and mutual benefit. It requires high levels of trust and transparency and a willingness to be open and honest in communication with other partners.

Potential partners come together to explore how they may tackle a common issue or challenge. There is no solution defined at the start, only a willingness to engage and explore opportunities. In order to seek innovation, partners work side by side to achieve a common understanding of the issue, co-creating possible solutions and co-developing implementation activities.

This type of relationship requires making the time and effort to learn about your potential partners, to build trust in the relationships, to take risks and to suspend judgement so that diverse views and ideas can be brought to discussions.

By its very nature this type of partnering process gives the maximum opportunity to explore new approaches, develop innovative thinking and create new ways of working together and achieving impactful solutions. It is not directed with the predetermined outcomes of transactional type relationships.

It is also no place for egos. Partners need to be prepared to develop solutions that, while recognising individual benefits to partners, are focused on achieving an overall mutual benefit.

To embark on this type of cross sector partnering requires sufficient time and resources and an appropriate challenge or issue to be resolved. It is not the type of partnering for every situation but knowing when to employ this approach will encourage innovative solutions where they are most needed.

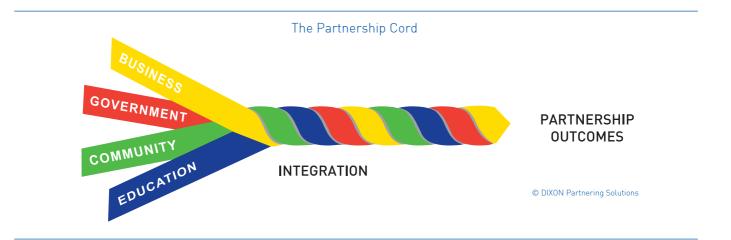
In our earlier white paper, Partnering Solutions, How to build effective partnerships between Business, Government, Community and Education, we set out a number of frameworks, models and key success factors on how to go about this type of cross sector partnering.

The key to this approach is to spend sufficient time exploring and co-creating in the early stages of the partnering process. Often we find that partners want to jump to solutions too early and thereby limit potential opportunities to maximise results.

If we are to achieve transformational change then we need to embrace fully integrated cross sector partnering. This is where we will see the full benefits realised – such as greater productivity in the public sector through engaging with business and not-for-profits in the design of innovative service models; recalibrating the relationships between indigenous communities and federal, state or local governments; or in the design of innovations in industry that will create new jobs for the future.

But engaging at this transformational level is not easy. It takes time to build understanding and relationships between organisations from different sectors, to explore and co-create new approaches and then to implement and embed these changes effectively.

While it is complex and challenging it can be done successfully and efficiently. To do so, organisations need to adopt a number of key attributes to unlock the potential for this type of cross sector partnering.





NEW THINKING



The way we 'think' about working with other individuals, organisations and sectors is crucial to developing the right foundation of relationships that will enable the creative and innovative solutions we are seeking.

We need a different mindset that involves:

Looking outside your own organisation for opportunities to collaborate and partner

Developing an understanding and level of confidence with the lack of knowing that comes with working with complex systems

Keeping an open mind and not jumping to solutions too early

Co-creating and co-designing solutions together with others

Being open, honest and transparent in all communications

Letting go of our own priorities and creating freedom to explore shared priorities and objectives

Valuing diversity as a catalyst for change

Being prepared to have the tough conversations and take risks.

This new mindset should not just rest with a few individuals who may be involved in a cross sector partnering initiative or activity, but needs to pervade throughout all the partnering organisations. It should be a part of the way you do business, a feature of the organisational culture. Having the right mindset around cross sector partnering is so fundamental that without it we will keep doing what we have always done; unintentionally (or intentionally) undermining efforts to do things in new ways and achieve elusive outcomes, transformational change or innovation.

LEADERSHIP



To ensure effective cross sector partnering, leadership needs to be provided at two levels: internally within each of the partnering organisations and externally in the partnering activity.

Internally, leaders need to create an enabling environment and culture which gives their people 'permission to partner'. Where people involved are empowered to fully participate and can make decisions on behalf of their organisation without fear of reprisal later. It is only when those people involved in the partnering process have this level of support and encouragement from senior leaders will they be able to create the innovative solutions that we are seeking from the process. We call this 'creative freedom' - where those at the partnering table are free to explore all the possibilities and opportunities available.

This level of leadership requires the courage to back your people and to fully support their endeavors. This can be extremely challenging and threatening for leaders to enter into a process not knowing what the solution or implications are for their organisation. It will be crucial to hold the course and resist the temptation to revert to a power and control approach as this will diminish the real opportunities and potential benefits.

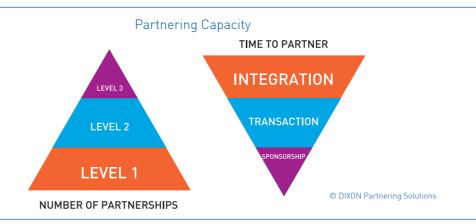
External leadership is required within the partnering process to broker the relationships and guide the partners along the journey. The style of leadership often referred to in this situation is that of servant leadership, or leading from behind. It is a delicate balance between navigating the complex relationships yet still helping the partners move forward and deliver outcomes. This leadership may initially start with one of the partnering organisations who is the catalyst for initiating the cross sector partnering. It may then move to an external independent broker who can assist in transitioning the partnership from individual to collective ownership where appropriate shared leadership is provided at the right time.

KNOWLEDGE OF CROSS SECTOR PARTNERING



Having a consistent understanding of cross sector partnering language and approaches within your organisation is essential. Selecting the right partnering approach in any given context, resulting in the maximum value creation but staying within the capacity of your organisation is a challenge. While many organisations have embarked on partnering initiatives with other organisations, few have developed clear and consistent partnering frameworks for their own organisation.

Developing an organisation-wide framework for cross sector partnering enables the selection of the most appropriate level of partnering for a given situation and maximises the opportunity for getting results. While we discussed the Partnering Continuum and the various levels of partnering earlier, another critical feature is knowing what capacity an organisation has to partner at what level. As we can see from the diagram below, engaging in a Level 1 type partnering process is far less resource intensive and takes less time to undertake in comparison to a Level 3 type process. Hence the number of Level 1 type partnerships that an organisation can sustain is far greater than for Level 3. In fact, if an organisation wanted to operate at all times at Level 3 it would not be possible to do so effectively due to the time and effort involved.



Traditionally what we see is that an organisation may be involved in a range of partnering activities. In doing so it is essential there is a balance in what is undertaken to ensure that appropriate value is created at whatever level of partnering is employed. Partnering should be seen as a means to an end where you need to choose the right approach for the desired impact.

NEW TOOLS AND SYSTEMS



Organisations from different sectors all have their own ways of working and these can vary dramatically from one sector to another. They each have their own systems, tools, processes and even language for the way they work in their own context. When organisations from different sectors come together they engage in a new space – the 'space between' each of the organisations, where there are no systems or tools in place. It is a green fields situation. This creates both a challenge and an opportunity. The tendency may be to adopt the policies, procedures, tools or systems from one of the host partners. While this may be expedient it will rarely meet the expectations or requirements of the other partners. If we want organisations to work together in new ways then we must seek out new tools, processes and systems that will support these new ways of working.

In their paper, **The Convergence Economy**⁸, Accenture Development Partnerships refer to the emergence of hybrid organisations that do not fit neatly into the standard descriptors used in the public, private or not-for-profit sectors. These hybrid organisations will see many new business models evolve and each will need their own systems, processes and tools to be able to deliver effectively.

In addition, working with complex systems requires new tools and systems appropriate to working with areas where there is no known, straightforward solution. These tools and systems promote exploration, new insights and understanding of the issues in order to ensure the partnership doesn't fall back into a 'more of the same' approach.

⁸ Convergence Economy: Rethinking International Development in a Converging World – Gib Bulloch, Peter Lacy and Chris Jurgens – Accenture Development Partnerships

NEW SKILLS



As this new area of cross sector partnering continues to evolve and develop there is also growing acceptance that it is not easy. It requires a new skillset; one which enables partners to navigate the complexities of working with issues and with others in new ways.

Working beyond the boundaries of your own organisation provides some wonderful opportunities but many challenges. Balancing the demands of your organisation with those of your partners requires another level of understanding and sophistication. This is in addition to the challenges of developing strategies and solutions that are emergent, co-created across sectors to achieve innovation. It takes considerable knowledge, skill and experience to be able to engage effectively with others; build commitment and develop shared ownership through the partnering process; and focus on the complex issue at hand and the change goal at the forefront.

The growth of cross sector partnering has given rise to a new emerging discipline – partnership brokering. The role first evolved in the early 2000s through work being undertaken by the International Business Leaders Forum and the Overseas Development Institute. This has now resulted in an international Partnership Brokers Accreditation Scheme (PBAS) and a new Partnership Brokers Association. Partnership brokers can be either an 'external broker' acting as an independent third party, or an 'internal broker' who is a representative of one of the partner organisations. In both cases the brokering role is to help potential partners come together around a common agenda; guide and support them along the partnering journey; and build their partnering capability at every opportunity.

Brokering is different to managing the partnership. Managing a cross sector partnership initiative or project is focused on the day-to-day oversight and coordination of the partnering actions and activities; it is an ongoing role. Often these two roles can overlap. Backbone organisations promoted through the Collective Impact framework are in fact intermediary organisations that have both a brokering role and an active management role.

There is no doubt that partnership brokering skills will become a 'must have' skillset in the future as more and more individuals and organisations realise that these skills will be critical to achieving maximum impact from cross sector partnering initiatives.

ORGANISATIONAL BUY-IN



Cross sector partnerships are vehicles for change. But as in any change process the challenge is how to take the outcomes or actions from a partnering project or initiative and embed them across a wider region or system. Those involved at the partnering table can work really hard to build and maintain relationships and to co-create and co-develop innovative solutions to a common challenge or agenda. Any outcomes or impacts, however, may be diminished if it cannot be scaled, initiate a policy change or impart system-wide change. It is critical to understand that behind every partner representative at the partnering table lies an organisation or community. The connection between the partner representative and their organisation is crucial to ensure that there is sufficient engagement, commitment and ownership of the cross sector partnering initiative by each host organisation.

We need organisational buy-in that not only supports the cross sector partnering initiative, but can also leverage the outcomes across broader policy areas and systems and can bring additional knowledge, resources, perspective and experience to the initiative.

A key step in getting this buy-in is to fully understand the partnering intent. Is the partnering purely related to a specific situation, or project related? Is its intent to change attitudes more broadly which may need a policy change? Or is it far wider in its scope and seeking some large-systems-wide change? To progress from project, to policy, to system-wide change will require increasing levels of buy-in.



REALISING THE POTENTIAL

Cross sector partnering is being seen more and more throughout the world as a way of solving tough complex challenges. It is emerging as a viable business model and an effective way of achieving outcomes such as Collective Impact, Shared Value and Blended Value

IF WE ARE TO UNLOCK THE FULL POWER OF CROSS SECTOR PARTNERING WE NEED TO BUILD ORGANISATIONAL CAPABILITY AND BUILD IT QUICKLY

But cross sector partnering is a process – it is a means to an end, not an end in itself, and we need to ensure that whenever we use this approach that it is grounded in reality.

As this new way of working across sectors becomes more accepted we will need to ensure that we are continually seeking ways to realise its full potential and employing the necessary rigour to achieve this.

In seeking maximum value from cross sector partnering initiatives we need to assess how ready we are to partner. Have we the right skills, knowledge and understanding of how to partner effectively? And have we had the internal conversations about how we as an organisation may want to partner with others?

If we are to unlock the full power of cross sector partnering we need to build organisational capability and build it quickly. The six attributes referred to in this paper are essential for any organisation to consider before entering into a cross sector partnership with others.



ABOUT THE AUTHOR

Partnership Broker who is at the leading edge of cross-sector partnering development and practice. As an expert in this field he is sought after as a strategic adviser, keynote speaker, coach and mentor. Ian is able to 'bridge the divide' between the business. government, community and education sectors. He works in the space between organisations and is able to navigate through the maze of complex relationships and competing interests to achieve results.

lan provides strategic advice to major companies; federal, state and local governments; not for profit organisations and educational institutions on how they can work together in new ways to solve our toughest economic, social and environmental challenges.

Prior to founding **DIXON Partnering** Solutions in 1999, he held a within the South Australian State Government in areas such as Industry and Trade, Mines and Energy, Local Government and was Executive Director of the Local Government Boundary

lan has contributed to a number of boards, task forces and advisory bodies, where his unique knowledge and skills have been a key asset. He has also been a keen advocate and participant in a number of collaborative organisations.

Ian is an internationally recognised

number of Chief Executive positions Reform Board.

ABOUT DIXON PARTNERING SOLUTIONS

DIXON Partnering Solutions

specialises in transformational cross sector partnering throughout Australia and the Asia Pacific Region.

DIXON acts as an independent partnership broker that aims to build the skills and knowledge of both individuals and organisations to realise the full potential of their partnering initiatives.

Our effective but simple partnering approach has delivered significant benefits in areas such as primary healthcare reform, education, regional development, native title resolution, resource development and environmental sustainability.

Utilising our **Partnering by Design™** framework coupled with our suite of internationally accredited skills development programs enables us to help organisations unlock innovative and creative approaches to solving their most complex issues and challenges.

CONNECTING WITH US

If you would like to keep up to date with the latest developments in cross sector partnering connect with us via:

Our regular E Newsletter - The Partnering Edge On Twitter, Facebook and Linked In

We also have a DPS discussion group on Linked In









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