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The making of a successful CBO: from floundering to flourishing

By **Lori Peterson** and **Erin Lockwood**

Editor's note: The SCAN Foundation, The John A. Hartford Foundation, the Administration for Community Living, the Gary and Mary West Foundation, the Marin Community Foundation and the Colorado Health Foundation have united to fund a three-year grant to develop and establish the Aging and Disability Business Institute, housed within n4a. Under the grant, ASA and n4a (goo.gl/Fv2MZT) are collaborating on a series of articles in **Aging Today** that will help to prepare, educate and support community-based organizations and health-care payers to provide quality care and services. This is the third in a series of articles about organizations in the midst of evolving their business models.



The healthcare system is in transition from more is better, to better is better; from organizational incentive to system incentive; and from “my patient” to “our population.” This transition amplifies the need to strengthen a network of multiple provider types, payers and consumers that can influence change and bring about the sought-after outcome: a more value-oriented healthcare system that improves patient experience and care quality, while driving down costs.

Change is certain, but within this change lies considerable uncertainty.

What Makes a Successful CBO?

Over the past few years in our work as consultants who help healthcare organizations, payers, community-based organizations (CBO) and foundations develop partnerships and strategic alliances and build business geared toward creating better results, we have explored the following questions:

- How is it that one CBO can see its way to a multimillion-dollar service agreement with a health plan provider?
- How can a cohort of six CBOs collectively secure 27 contracts with healthcare providers and payers that will provide home-based services to up to 16,000 clients per year?
- Why is it that some organizations excel in transitional times, while others stall, hoping for more certainty before taking action?

What do these successful CBOs do differently? We are learning that the people in these organizations demonstrate a combination of characteristics and attitudes; they possess leadership teams

that are able to see the potential in uncertainty. They inherently believe that the healthcare system can be better, that new opportunities are worth striving for and that they are valuable players in creating solutions. They are willing to learn from others, access existing tools and resources, and experiment with a variety of ideas that may work within their particular market dynamics.

One marker that consistently differentiates those organizations that act versus those that stall is commitment: they *commit* to the discipline of preparing and readying their organizations, while always being aware of what is happening in their marketplace. Awareness of external trends spurs the action required to embrace new possibilities. Whether the goal is a contractual relationship with a health plan, creating a network of preferred CBOs for a health system or developing a package of home-based services for a hospital bundler, success is contingent on an organization's capacity and readiness, and, most importantly, its willingness to prepare.

The following steps will start an organization on the road to robust new partnerships with healthcare providers and payers.

Assess Internal Readiness

Effective results come from first analyzing the organization from within and critically evaluating its readiness. This step requires more than looking at the organization's strengths, but rather should include a look into its readiness to engage in the partnership process. In our work, we have identified four key domains to explore: Adaptive Capacity, Organizational Capacity, Leadership Capacity and Management Capacity.

Within these domains, several questions need exploring. Does the organization have a clear vision for partnership? Does it have program offerings and expertise that can be repurposed in a manner that will contribute to lowering medical costs? Does the organization have an established brand identity that will resonate in the healthcare sector? Is the right leadership team in place to activate and implement new strategies? To view a sample of our Internal Assessment Tool, go to goo.gl/Sk5nMF. The tool consists of a rating system based on the four domains listed above, and gives organizations the opportunity to analyze their readiness factor to seek partnerships.

This exercise in internal assessment lays the groundwork, identifying internal strengths and differences that may capture the interest of potential partners, providing direction and the reality check needed to build capacity internally, and engage providers and payers.

One CBO executive director we worked with said that after completing his organization's internal assessment, "We recognized the need to build the leadership and management competencies and infrastructure required to successfully promote LTSS, make the business case for care transitions and deliver LTSS profitably and successfully to potential healthcare partners."

To move ahead with the most clarity, an assessment of external capacity also should be considered.

Build Awareness Externally

In addition to determining opportunities within the organization, it is imperative to look for potential opportunities in the external healthcare market. In which reform activities are area hospitals participating and what risks are they undertaking? What strategies are in place at hospitals to work with downstream providers? How are local payers involved in value-based initiatives? What data are available and how to use the data?

"Everyone is adapting to a new world, and it is critical to make sure the internal pace of change keeps up with the external pace. To do this, CBOs need to adopt a honed focus toward understanding emerging market activity," said a CBO vice president we worked with.

The external assessment not only identifies potential partners and competitors in the market, but also identifies needs and opportunities, which is essential in determining the value an organi-

zation can create in the healthcare system. This step requires examining and understanding what data and resources are available and how best to leverage their findings and offerings.

If an organization is ready to conduct an external assessment, this External Assessment Tool (goo.gl/Jky59q) may be a useful guide.

Create Value in the Healthcare Continuum

Once the internal and external assessments are completed, key discoveries gleaned from each step can be married to build an effective value proposition for the organization. The value proposition is vital in capturing the interests of potential partners, as ideally it will speak directly to their needs with enticing opportunities, while addressing the significance the organization can bring to the partnership.

Developing a successful value proposition will provide clarity in a proposed partnership's direction and intent, which becomes a critical step when engaging in the first contact with a desired partner. This activity should be tackled by multiple members of the organizational team, ensuring a well-developed and thorough vision of the value proposition. Once developed, it is equally important to incorporate the value proposition within the organization's messaging in a way that will resonate with potential partners.

As one CBO leader said, "Be able to explain why your solution is better than the alternative and answer these questions: Why shouldn't the healthcare buyer do this on their own? How is your offering different and better?"

This Value Proposition Tool (goo.gl/FnNlu1) might be useful in leading an organization through the development process.

These three steps are only the beginning of a process for developing cross-sector relationships, and are intended just to serve as a starter kit. Unfortunately, this tool kit doesn't include any magic, but it is a solid framework for building a reservoir of knowledge that will prepare an organization to successfully take action when opportunities arise—a magical moment, indeed. ■

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