

STEPS TO SMOOTHER COLLABORATION

*Being Aware of Common Obstacles Makes
For Successful Negotiations*

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Conventional thinking suggests that bigger is better and that the strongest will survive. Applying this thinking to the current changes in healthcare has resulted in the trend toward consolidation among hospitals, physicians, and even insurance organizations. In Catholic healthcare, however, collaboration and consolidations have not been typical. But today's shifts in available health resources have renewed significantly the interest in collaborations.

If, as some suggest, consolidation into larger organizations is clearly the best choice, why does collaboration among Catholic organizations appear to be so difficult?

This brief article and the responses that follow (pp. 20-23) identify differences in perceptions and situations that make collaboration difficult. By being aware of and sensitive to these issues early, and by incorporating these issues into the negotiation process, healthcare organizations may enhance the possibility of successful collaboration.

KEY FACTORS TO CONSIDER

Several significant issues affect the success of any discussions.

Consistent Understanding Among All Parties Individual leaders and the leadership groups—including managers, trustees, and sponsors—need to agree in their perceptions of the changing healthcare environment. *This consistency depends on four factors:*

- Background of the individual team members
- Other organizational activities competing with healthcare for time and attention
- Culture and developments within the local markets
- Degree of board and sponsor involvement in the system or facility

The Current Market Strength of the System or Facility Very strong systems and facilities may not feel the sense

of urgency required to effect radical or fundamental change in their current structures or relationships.

Current Relationships and Contracts Current healthcare systems rely heavily on local participation (e.g., through obligated groups, data centers). Thus the loss of local members will result in increased costs to the remaining local system members. This fact could be reflected in a reluctance during the negotiation to enter into certain more radical forms of new relationships.

Similarly, local organizations often have contracts or local relationships that may be hurt by any new alignments, such as those among solely Catholic providers.

Support of "Heroes" Many CEOs and others have earned the high regard of their trustees and sponsors for what they have done or are currently doing. Boards and sponsors will be reluctant to move in any direction that could curtail these individuals' influence or careers.

Understanding of the Advantages of Regional Organizations Even when all parties are convinced that change is necessary, they tend to focus on local developments. They rarely agree universally that a regionally based system will be better able to support local efforts and facilities.

Conflicting Goals Some leaders, feeling secure in what they are currently doing, may want to seek new or better ways to work within their current directions, rather than make major changes. Others are moving toward an entirely new focus, such as the health status of a community. With these differences in approach, all may not agree on the best approach or structure to meet the demands of the future.

Lack of Mutual Relationship and Understanding In Catholic healthcare we do not have a tradition of working together. Any collaboration needs a "courtship" period for parties to learn about each other's approaches

and history. When the courtship period is too short, the parties limit their chances of moving to the closest relationship possible.

Differences in Size When participants differ significantly in size, all parties may be concerned about the best way to proceed. The smaller organization may want a fair solution but also worry about decisions that will affect its relationship with its ministries and their significant leaders. The larger organization may be reluctant to blend with other organizations that cannot contribute as many resources as it can.

Agreement on What Constitutes a Market or a Region A market or a region can be defined by many factors: patient transfer patterns, company employment and contracting patterns, state boundaries, or tradition. The problem arises when these different organizing principles lead to different definitions of a market or region.

The problem becomes more critical when the parties attempt to define a region for a system that will support the local organizations. When all involved are not clear about exactly what the organizing principle should be, they may have conflicting opinions about both the need for such a system and its design.

A Common Vision Generally, individuals and organizations cannot make radical changes unless they accept a compelling reason for change. And even when they are willing, for the greater good, to accept the losses change causes, they may not agree on what the greater good is, why it is better, and why it is worth the pain of the change.

SOME PROCESSING IDEAS

A general process for developing successful collaborations involves four steps. (Note that the process described here is linear. Actual negotiations, however, rarely proceed in a neat, linear fashion and are likely to be more difficult than this process may suggest.)

- Reaching internal understanding and consensus
- Laying the groundwork for the negotiation
- Addressing the issues and finding the solutions
- Achieving success in the relationship

Reaching Internal Understanding and Consensus In this initial phase, internal discussion involving all leaders, managers, trustees, and sponsors of an organization should attempt to resolve the following issues mentioned above:

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Or unequal parties to continue productive discussion, both must feel comfortable.

- Current strength of the system or facility. All leaders should be of a common mind about the radical shifts occurring in healthcare and the speed with which change can affect their organization.

- Consistent understanding of the changing environment. Leaders need to develop realistic assumptions about the environment in which they will operate and their role in that new environment.

- Lack of mutual relationship and understanding. If the potential partners have not had an ongoing relationship, they should initiate a process to begin to learn about each other. Such a process would involve all participants sharing what they value most, their accomplishments, their founding stories, their current mission and values, and their heroes.

- Support of local heroes. Arrangements should ensure that individuals working in the best long-term interest of their organization or the ministry will not take on an unreasonable personal burden. Typically this can be accomplished with an agreement on an appropriate severance package for the executives most likely to be affected by any agreements.

Laying the Groundwork In this initial stage of negotiation, it is important to review the points above and be assured that all parties have done their separate internal work. Only after they agree that these issues have been taken care of should they move the discussion to other issues.

- Size and strength differences. For apparently unequal parties to continue open and productive discussion, both must feel comfortable and safe. The smaller or weaker organization may need to express its concerns and reach a comfort zone early in the talks. The larger or stronger organization must be particularly careful not to dominate the discussion. The location, the staff work, and the facilitation work should support the fair and equal importance of the participants.

- A common vision. Early in the discussion, efforts to find common ground or win-win solutions are particularly important. Parties should ask, What is it that we share? Our values, our history, our goals? Understanding and agreement here will support the rest of the process of forming some relationship for the future.

Addressing the Issues and Finding the Solutions After parties

agree to develop a relationship to achieve their common goals, the next stage of negotiation involves addressing specific issues:

- General consensus on the advantages of a new organization or relationship. Parties may have several different levels of goals for the new relationship. At the most basic level, they may want simply to improve the cost-effectiveness or quality of what they currently are doing. The second level of goals involves developing a relationship that may enable the group to do new or different things. Finally, a third level of goals may focus most directly on the external environment—advocacy, for example. Some structures will further the goals better than others.

- Denial of the need for radical change. At this point, the group needs to recheck its understanding of the need to change to ensure future success.

- What constitutes a market or a region. Following from the discussion of goals and structures comes a need to more clearly define the market the new organization would serve. If agreeing on the

organizing principle proves difficult, the parties need to address this before moving further.

- Current relationships and contracts. Often this issue may be raised in the very beginning, but trying to reach agreement on this too soon may bias the discussion toward inaction. The parties need to remember that current relationships and contracts can be changed. All it takes is time and money. Until the participants know what they might achieve together, how can they judge if the cost is too high or the transition time too great?

- Lack of agreement on the best way to respond to current trends. By this time in the process, the parties should be prepared to work on an agreement concerning the structure and relationship that will best help them achieve the goals they have identified.

Achieving Success The fourth stage is the longest. Agreeing on goals and structures is the first step. Moving into the new relationship and using it effectively must follow. □

Essential Factors for Success



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Collaboration is a fact of everyday life for Catholic health providers in the 1990s. Whether the collaboration is between Catholic providers or between Catholic and non-Catholic providers, market forces and common sense require us to look beyond traditional relationships to forge new linkages for the future. Dr. Karst's efforts to identify potential perceptions and situations that make collaboration difficult are most appropriate. My experience, however, would lead me to reorder and reemphasize some of his points.

As an executive of a rural Midwestern system, I have worked out collaborative arrangements that were not large but shared common challenges and called for common strategies in achieving success. Further, although I have had significant experience in collaborative activities ranging from joint ventures to mergers, my experiences have all been flavored by an atmosphere of strong local autonomy. Programs and solutions imposed by the sponsoring system have been neither accepted nor successful. Thus my comments reflect what I view as the essential elements of successful rural collaborative experiences.

THREE ESSENTIAL FACTORS

In my experience, three factors (two of which are mentioned by Dr. Karst) are absolutely essential for successful collaborative activities. Those factors are need, common mission and vision, and personal respect. Without these factors, any obstacle that arises can defeat the venture.

Need There must be an overwhelming need—financial or otherwise—for a collaborative venture to succeed. Sometimes people approach collaborative ventures because it is “the thing to do.” The trade journals or newspapers tout such ventures as the mark of a progressive institution. Such motivation is never strong enough to carry the negotiations through the difficult periods. Once a clear need for the collaboration emerges, a new discipline enters the discussion, enabling people to get past the barriers to achieve true collaborative results.

Common Mission and Vision The parties to any negotiation need to understand and be committed to what they are about (mission) and why they are about it (vision). Early in the process they should devise mutual mission and vision statements for the