

UNDERSTANDING PUBLIC-PRIVATE PARTNERSHIPS

FACT SHEET 01

JANUARY 12, 2017

From 2015 to 2017, VA's **CENTER FOR STRATEGIC PARTNERSHIPS** added the following value to VA:

\$155 MM

Leveraged in donations and commitments to support Veterans' needs

\$445K

Private sector monies to fund 3 VA hosted summits at \$0 cost to VA

68+

New "strategic" partnerships formed to address needs around mental health, homelessness, employment, caregivers, and others

6

Infrastructure P3s being explored or developed to build new VA healthcare facilities

3

Pathways to InnoVAtion summits held to highlight key Veterans issues

WHY PARTNERSHIPS

In a world with increasing connectivity and unprecedented demand for Veteran services, it's impossible for organizations to further their mission and priorities alone. Fortunately, organizations are actively engaging in thousands of partnerships across the nation to address the needs of Veterans, their families, Survivors, Caregivers, and other beneficiaries. With that said, it is vital to establish public-private partnerships (P3s) that are both responsible and productive with capable and sound organizations that can successfully fulfill the needs and outcomes of communities and provide for the efficient and effective allocation of resources.

P3s allow organizations to better leverage existing expertise and increase their ability to more efficiently meet the challenges of new, urgent, and emerging Veteran needs. Such partnerships also help organizations quickly identify and adopt new ways of doing business by incorporating creative and innovative ideas from external stakeholders.

For example, to meet large scale and complex challenges requiring cross-sector solutions and collaboration, VA engages in P3s that leverage the full range of our nation's talent, ingenuity, and commitment to action. VA establishes partnerships to address identified business needs to provide enhanced benefits and services to Veterans and other beneficiaries. These P3s can then be mapped to one or more of VA's strategies and priorities—this is the first step for all partnerships. In general, they must answer some basic questions such as: Does the P3 address an identified need; Do we have the resources to support the P3; Does the P3 support our priorities; Will the P3 achieve outcomes that benefit and impact VA or Veterans; and others.

WHAT VALUE DO PARTNERSHIPS ADD

P3s provide, or increase the capacity to achieve what may not otherwise be achieved alone. In many instances, solutions for problems may be outside of the capability, capacity, or influence of government.



U.S. Department
of Veterans Affairs



Effective partnerships draw together different organizations with complementary and reinforcing strengths, allowing each partner to focus on their core competencies and assets to produce outcomes with greater impact than may be achieved independently by a single organization.

P3s often increase access to, and better leverage available resources. They are a force multiplier that when combining different organizational resources provides a more platform for more effectively addressing needs. Given government bureaucracy, P3s often expedite the establishment of much needed services more quickly.

WHAT IS A PUBLIC-PRIVATE PARTNERSHIP

According to VA Directive 0008, the Department of Veterans Affairs (VA) defines a P3 as a “voluntary, collaborative, and working relationship with non-governmental organizations (NGOs) in which the goals, structures, governance, roles and responsibilities are mutually determined to deliver the best possible services.” Other P3 definitions from federal government, private industry, and non-profit sectors are similar, but vary in terms of duration, geographic scope, and defining relationships or desired outcomes.

ARE THERE DIFFERENT P3 MODELS

There are many types of P3s, and no single model is appropriate for every situation. Across every sector of government and private industry, organizations establish partnerships to achieve different outcomes, while necessitating different models to achieve those outcomes. Models are not fixed throughout the lifetime of a partnership;

rather they serve as a “flexible structure” to help organizations align the partnership.

Examples of a few common models used to form partnerships are:

1. Non-Monetary Partnerships – partnerships that do not include any exchange of funds between the partnering organizations. In general these partners provide in-kind support in the delivery of services, supports, or products.

2. Monetary Partnerships – partnerships that include an exchange of funds between the partnering organizations. One (or more) partners provide one (or more) of the partners with funds in the delivery of services, supports, or products.

3. Benefit/Service Delivery Partnerships – partnerships that develop and deliver services, supports, or products to Veterans or other beneficiaries.

4. Infrastructure and Facility Partnerships – partnerships that focus on increasing facility and infrastructure access in the delivery of services, supports, or products.

As partnerships evolve, they might operate as more than one type, or even as a “blended” type. Accordingly, organizations may consider exploring additional models that will continually promote the partner’s full participation and commitment to the partnership during its entire life cycle in order to achieve the desired outcomes of the P3.

WHAT ARE KEY ATTRIBUTES OF A SUCCESSFUL P3

P3s can and should be advantageous for both public and private partners and advance the objectives of both (or all) parties; however, it is

The more specificity you can bring to the proposed partnership— especially around objectives, roles, responsibilities, and communication— the better.

Development of a public-private partnership in an undefined, haphazard manner— or even simply by initiating a partnership out of order—may result in a duplication of effort, monetary and temporal waste, and an increase in the potential for the overall effort to fail.

important to understand the complexity of partnerships when designing, implementing, and managing them.

In many ways, no two partnerships are exactly the same, but it is clear that the preponderance of successful partnerships share five critical characteristics.

Successful partnerships:

1. Advance shared objectives or mutual programmatic goals;
2. Enhance impact through sharing of both risks and resources;
3. Improve programmatic reputation and visibility by being transparent and credible;
4. Thrive in a regulatory, legal, and political environment in which there are no political pressures from government officials exploiting the partnership for private gain or where the private sector partner is not exploiting the partnership.
5. Rely upon regular and effective communication.

WHO LEADS THE P3

The “Partnership Lead” is an individual or group who is acknowledged to own/lead the exploration, establishment, management, sustainment, and reporting of the P3. They serve as the overall point of contact for the planned partnership and drive it through the P3 lifecycle processes.

Early on in the process, the Partnership Lead should identify needed resources, plus key internal

and external stakeholders. These stakeholders are then part of the P3 evaluation team and provide input to accurately capture their interests and determine the feasibility of the proposed P3.

WHAT IS A PARTNERSHIP CHAMPION

The “Partnership Champion” is a recognized individual or group whose support is enlisted and who can serve as an advocate for the planned partnership when assistance is needed to get the proposed P3 through one of the lifecycle processes. The Partnership Champion is someone who understands the value of P3s and can help you shepherd it through their specific expertise within your organization, or even an external organization.

For example, you may need to rely on an attorney Partnership Champion within your legal office, who you’ve established a relationship with, in order to get a proposed P3 an appropriate legal review and consideration. The Partnership Champion would ensure all legal options are fully explored to help the P3 evaluation team determine the feasibility of the partnership.

WHO ARE THE STAKEHOLDERS

Throughout the life of the P3, the Partnership Lead should maintain strong communications with internal and external stakeholders—these are individuals or groups who will be affected by (or might benefit from, or have an interest in) the partnership. As mentioned earlier, the Partnership Lead should identify these internal and external stakeholders early on and include them as part of

the P3 evaluation team to accurately capture their interest.

To prolong healthy relationships, organizations must establish and maintain consistent communications with **ALL** internal and external stakeholders, to include the general public, local government(s), Veterans and media outlets.

WHAT IS DUE DILIGENCE

Due diligence, or vetting, is the process by which you validate your potential partner organization. There are two types of due diligence that should be considered—programmatic and business.

Programmatic due diligence assesses an organization's adherence to the laws, regulations, requirements, certifications, and other appropriate practices for their specific services, supports, or products. This vetting looks at whether they are providing services within what is considered generally acceptable practices for their specific industry. For example, does the medical organization partner use evidence based practices in the delivery of their clinical services; are they certified by the state to provide services; etc.

Business due diligence involves reviewing how the partnering organization manages and operates their business. This type of vetting looks at proper IRS and state registration as a business entity as well as whether they are operating within what is considered generally acceptable business practices for their specific industry and/or sector. This vetting would also assess the leaders of the organization to verify that they are not engaged in inappropriate business dealings or unethical behavior.

Additionally, partnerships must be assess for risks. These risks range from reputational and brand risk to outcome and achievement risks. The

first activity within this step is to determine if the potential partner's goals and culture are in line with those of your organization. If they are not, the partner should be removed from consideration. If a partner's goals are in line with those of your organization, then thoroughly assess the risks of each considered partner.

HOW DO I FORMALIZE THE PARTNERSHIP

Once you've determined the need to form a partnership, pulled together a P3 evaluation team, identified appropriate partners, you're ready to formalize the partnership. This is accomplished by documenting all partnering organizations' duties, goals, desired outputs, and outcomes. The parties will need to finalize these elements through some type of formal agreement.

Organizations can utilize a wide range of agreements—Memorandum of Understanding (MOU), Memorandum of Agreement (MOA), Letter of Intent (LOI), or Letter of Agreement (LOA), Cooperative Agreement, Contracts, and others. The most commonly used for non-monetary P3s are the MOA and MOU. From these types of agreements and possibly others, the organization should assess which type is most capable of ensuring that desired outputs and outcomes are likely to be reached with minimal risk to the parties.

Once the organization and the selected partner(s) have settled on an agreement type, the Partnership Lead will prepare the appropriate partnership agreement in accordance with the organizations' guidance. This agreement will be passed back and forth between the partners multiple times, making edits until a final version is agreed upon. The final version will then be signed by the appropriate signators—Secretary, Under/Assistant Secretary, Program Director or other VA leader—CEO, EVP, SVP, Program Director, or other

partner leader. Additionally, the Partnership Lead and selected partner should communicate the intent of a partnership kickoff to announce the new partnership and new services being offered.

Once the agreement has been finalized, the partnership may be officially launched via a kickoff – whether formal or informal – at which all stakeholders are present. During the kickoff, each partner can acknowledge their role and desired

Be sure to include legal counsel early in the process to ensure your P3 efforts are in full compliance.

outcomes of the partnership such that all stakeholders are aligned to the goals and priorities of the effort at hand and no doubt remains regarding the mission or intent of the partnership.

These roles, goals, and desired outcomes will have already been documented in the agreement terms. A discussion of these terms is for the purpose of transparency to ensure all parties understand the partnership’s priorities and desire outcomes.

WHAT DO I INCLUDE IN A P3 AGREEMENT

P3 activities are often developed through a non-binding documented mechanism, in consultation with your organization’s legal counsel. As mentioned earlier, options include written agreements, such as a Memorandum of Understanding (MOU), Memorandum of Agreement (MOA), Letter of Intent (LOI), Letter of Agreement (LOA), Cooperative Agreement, Contract, or others.

These documents should include:

1. Legal name and address of each partner;

2. Purpose of the partnership;
3. Goals of the partnership;
4. Roles and responsibilities of each partner;
5. Performance measures and metrics;
6. At least one point of contact within each partnering organization;
7. Clause that the partnership is non-binding, if appropriate;
8. Amendments, termination, and limitations;
9. Plan for evaluation performance metrics, impact, or efficacy of the P3;
10. Annual review to determine (a) if the partnership is still needed, (b) if the goals are being achieved, (c) if expectations are being met, and (d) if the roles and responsibilities of each partner are being fulfilled; and
11. Duration.

WHAT ARE MEASURES AND METRICS

Measuring a partnership’s performance and/or effectiveness is critical to determining its usefulness, outcomes, and impact. Through calculated metrics that provide quantitative or qualitative measurements with which a partnership can be evaluated. Metrics should always be utilized to conduct a thorough evaluation of any given partnership to ensure it is achieving the desired outcomes.

Metrics, however, should not be utilized as a stand-alone measure of performance for partnerships, as there are other qualitative items that can be used in conjunction with quantitative items to complete a total-partnership evaluation.

HOW DO I MANAGE A P3

The final step of the public-private partnership framework is to manage the partnership throughout its lifecycle. These management activities overlap

significantly with the execution phase and are heavily founded on utilizing and applying the techniques, metrics, and communications activities developed and matured throughout the partnership. To maintain a successful partnership, it is essential for the Partnership Lead to clearly and continually communicate the progress of the effort to all relevant stakeholders. Based on predetermined milestones (e.g., partnership schedule), progress must be continuously communicated to all stakeholders.

HOW DO I MANAGE P3 RISKS

It is imperative for the Partnership Lead to conduct regular risk assessments. It is reasonable to assume that the partner will be conducting business activities unrelated to your partnership. In the course of its work, if the partner executes a business activity that results in litigation or brings unwanted or negative attention to the partner, your organization must determine whether or not to continue the partnership.

The same standards should apply to existing partnerships or relationships as they undergo periodic reviews. If so, the partnership should be suspended or terminated to prevent the assumption of risk because of ongoing association with a negatively viewed partner.

SUMMARY

There are many benefits to partnerships and the VA has enormous experience in developing these valuable relationships. Effective P3s draw together different organizations with complementary strengths, allowing each partner to focus on its central capacities and assets to produce outcomes with greater impact than may be achieved independently. P3s are founded on the development of a comprehensive framework designed to identify needs, locate appropriate partners, execute logistics, and finally manage the partnership and associated work efforts. Within each step, there are many activities conducted to ensure a positive outcome and impact.

When taken together these steps empower you to more effectively explore, establish, manage, and sustain successful, mutually-beneficial partnerships. Remember, organizations must balance the structure of the partnership framework with the inherent value of conducting partnerships while ensuring the process is not overrun by bureaucracy and oversight.

If you consider all these factors they will add to the success of your organization's partnerships and further enhance your services and supports to Veterans, VA, and your other customers.



CENTER FOR STRATEGIC PARTNERSHIPS

To leverage resources external to the VA on an effective and consistent basis, at all levels of the Department, to improve the Veteran experience while enhancing productivity and efficiency across the enterprise.