



Public  
Purposes

Serving Citizens

Leadership Institutions Globalization Mutual Planning

Theory and Practice Collaboration Goals Vision Economic Growth

People Functional Objectives Livable Communities Citizenship

Quality of Life Organizational Missions Education Dialogue

Performance Expectations Regionalization Building Community

Nonprofits Competitiveness Human Involvement

Protecting Neighborhoods Ethics

Common Needs

# Working Better Together

How Government, Business, and Nonprofit Organizations Can Achieve Public Purposes Through Cross-Sector Collaboration, Alliances, and Partnerships

## Executive Summary

## The Three Sector Initiative: A Collaborative Project of ...

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# Executive Summary

During the closing decades of the 20<sup>th</sup> century a series of powerful forces delivered jarring shocks to the conventional roles and relationships among government, business, and nonprofit organizations.

These forces—including dramatic new technologies, intense economic competition, accelerating globalization, the more obscure effects of regionalization, and a complex mix of social and political factors—have been altering the way each sector defines and carries out its core role and changing the relationships among all three of them.

Government, business, and nonprofit organizations in the United States historically have worked together to achieve important public purposes. Today, such cross-sector collaborations, partnerships, and alliances are more important than ever in addressing the increasing number of complex public issues that spill over sectoral boundaries. The three sectors have been exploring new ways of carrying out their core roles, employing strategies and practices that are changing the relationships, and blurring the distinctions among them. So cross-sector collaboration today is required not only to tackle complex public problems that no one sector can handle alone, but also to better understand and redefine the relationships and strategies of the three sectors.

The purpose of this report is to shed light on these tasks. Part I identifies how driving forces are changing the strategies by which government, business, and nonprofit organizations define and carry out their roles, and how those new strategies are changing the relationships among the three sectors. Part II suggests some lessons learned about cross-sector collaboration, and the ways that government, business, and nonprofits can more effectively work together.

## Part I: Changes in the Government, Business, and Nonprofit Sectors

**The Forces of Change.** New technologies have interacted with other forces to intensify economic competition, accelerate globalization and regionalization, and alter the process of social change itself. These forces are affecting all three sectors.

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**Business: Redefining Performance.** Business has been driving change by developing and applying new technologies in ways that alter conventional concepts of performance. Business success increasingly depends on doing things better, faster, cheaper—and different. Combined with extraordinary stock performance and perceived opportunities for growth in the high-tech sector that raised expectations for corporate performance, and reinforced by related institutional developments, these forces have produced a highly competitive, turbocharged, equity-driven performance culture, with several implications for government, nonprofits, and communities. Business has been:

- Generating more wealth, including higher average incomes, new tax revenues, and increased charitable contributions;
- Tightening the link between charitable contributions and corporate performance;
- Aggressively seeking out new market opportunities in arenas once considered the exclusive purview of government and nonprofits;
- Dealing with mounting pressures for corporate social responsibility;
- Reshaping the public's expectations of customer service and organizational performance, with increasing pressure on government and nonprofit organizations to adopt business performance models;
- Reconfiguring corporate contributions and civic leadership as a consequence of mergers, acquisitions, global operations and performance pressures; and
- Influencing public affairs indirectly through the image of the corporate model on the public imagination, and directly through lobbying, campaign contributions, and public affairs advertising.

**Government: Rethinking Governance.** If business has been redefining the performance culture, government has been rethinking the means and ends of *governance*. Citizens have been

pressuring government to improve performance and reduce costs and intrusiveness. The pressures of globalization and the increasing number of global actors, both governmental and nongovernmental, are testing the limits of national sovereignty and freedom of action. State and local governments are asserting their desire for greater responsibility over their own affairs, and provide an option for the devolution of responsibilities the federal government no longer desires to handle. And an aggressive business sector and wide array of nonprofit organizations are engaging in activities that increasingly blur the lines of public-private responsibility.

Governments have been responding to these pressures in several ways that have important implications for business and nonprofit organizations, including:

- Rethinking fundamental roles and responsibilities of all social institutions;
- Shifting perspective from a focus on what *government* should do to a consideration of how the *governance* system as whole can enlist nongovernmental organizations in achieving public purposes;
- Attempting to establish policy frameworks, competitive markets, and effective social service systems better suited to the roles and changing character of the various sectors;
- Developing their roles as catalysts, conveners, brokers, and partners; and
- Improving their own performance, in part by tapping the expertise of business and nonprofit organizations.

**Nonprofits: Redoubling Effort.** If business has been changing the performance culture, and government has been rethinking governance, the nonprofit sector has been redoubling its effort to meet a rising demand for service and nongovernmental *social action*. Government, business, and citizens have raised their expectations of nonprofit performance and

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demand for accountability. Business is expanding into arenas once considered to be the purview of the nonprofit sector. Corporate restructuring has altered the terms of relationships in the direct dealings between business and nonprofits.

Government is increasingly reliant on the nonprofit sector to carry out governmental responsibilities, which in turn increases nonprofit reliance on government.

Nonprofit organizations in general are responding to these challenges by:

- Focusing on their own unique role and rethinking the most effective strategies for achieving organizational missions;
- Aspiring to a stronger role as partners, rather than just contractors of government and recipients of private contributions, without compromising their identities, missions, and core values;
- Attempting to tap the opportunities and meet the challenges of the new generation of private philanthropists that are bringing a fresh infusion of money, energy, ideas, and expertise; and
- Striving to build the organizational capacity required to meet increasing demands, higher performance expectations, new relationships, and changing revenue sources.

## Part II: Lessons Learned About Cross-Sector Collaboration

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**Elements of Cross-Sector Collaboration.** There are numerous types of cross-sector collaboration ranging from ad hoc problem solving to achieving well-defined public purposes over a finite period of time, to the long-range and ongoing development of civic capacity. The principal stages of cross-sector collaboration include the following:

- Recognizing common needs and convening potential
- Mutual planning for performance
- Agreement on operational design
- Start-up
- Operation and management
- Performance monitoring, communicating, learning, and improving
- Termination or modification

**The Importance of Context.** Cross-sector collaborations need to be understood and fashioned to work in their own particular contexts. Key elements of context include the *places* where people live, work, shop, play, worship, learn, and socialize, such as neighborhoods, localities, regions, states, the nation, international regions, or the globe; the *people* associated with those places; the *governance systems* that affect them, including the various levels of government along with a wide range of nongovernmental institutions that both influence public decisions and act to achieve public purposes; *institutions*, such as businesses, labor unions, media, financial institutions, schools and universities, hospitals, faith-based institutions, social service agencies, community

service organizations, foundations, political organizations, and neighborhood groups; and the *organizations* that comprise those institutions. Some of the most innovative and constructive collaborations are occurring in *regions*, where government, business, and non-profit leaders are working out practical ways of dealing with their common problems.

**Vision, Climate, and Civic Capacity.** Successful collaborations require a vision that identifies important public purposes and puts them in context. Collaborative undertakings need to be of a scale that is appropriate to the need, to available resources, and to the temper of the times. Cross-sector collaborations are most likely to succeed in a supportive climate, which in turn is shaped by elements of civic capacity, such as community visioning and consensus-building, communication, community-based organizations, business civic involvement, organizational learning, networks of leaders, community learning, respect for diversity, and effective political dialogue and discourse.

**Achieving Public Purposes: Performance-Based Collaboration.** Successful cross-sector collaborations are *performance-based* in that they clearly define the *public purpose* to which they are committed and then drive the collaboration forward to the accomplishment of that purpose. Cross-sector collaborations have addressed a wide array of public purposes that involve complex arrangements requiring the contribution of organizations and individuals in government, business, and nonprofit organizations. Such public purposes include economic prosperity, education and human investment, livable communities, diversity and justice, physical infrastructure, and social institutions.

**Building the Capacity to Collaborate.** Several kinds of capacity are required to successfully initiate and execute cross-sector collaborations, including:

- *Leadership*, which can come from any or all of the three sectors, from the national to the neighborhood levels, and from ordinary citizens;
- *Citizenship*, to provide the base, reservoir, support, action arm, and accountability of leadership;
- *Knowledge and understanding* about economic and social trends, about successful and unsuccessful experience elsewhere, and about the respective agendas, cultures, and operating practices of partners in all three sectors;
- *Communication and network management*, including such skills as visioning, strategic planning, convening, facilitating, deliberating, attentive listening, coaching, consensus building, brokering, mediating, negotiating, contracting, monitoring, evaluating, assessing, reflecting, learning, and collaborative problem-solving.
- *Industry and service system structures*, including well-designed markets, industries, social service systems, and policy arenas.

# Government, business, and citizens have raised their expectations of nonprofit performance and demand for accountability.

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- *Performance and accountability*, including a means of defining performance, monitoring progress, and establishing accountability for results that is compatible with each sector; and
- *Ethics* that accommodate the highest standards and particular culture of each sector, with priority placed on honoring important public values and focusing on the accomplishment of the public purpose to which the collaboration is addressed.

**Conclusion: Learning How to Change.** In today's dynamic environment, learning how to change has become a "core capacity" of successful cross-sector collaboration. It requires a special emphasis on a clearly defined context; performance of public purposes; accurate knowledge and information; adaptability, flexibility, innovation, and continuous improvement; ethics and accountabil-

ity; and communication. Accommodating all these challenges requires balance and integration, and the anticipation of unintended consequences. Perhaps the greatest challenge is to consciously adapt to and constructively shape the process of social change itself.

The transcending lesson from this series of dialogues is that collaboration among the sectors will continue to be important not only to address critical public purposes that no one sector can achieve alone, but also to fashion a new set of relationships that will help the three sectors and the public at large shape a productive and just society in an era of rapid change.

## About This Report

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The Three-Sector Initiative is a collaborative effort among seven organizations in the government, business, and nonprofit sectors: The Conference Board, Council on Foundations, INDEPENDENT SECTOR, National Academy of Public Administration, National Alliance of Business, National Civic League, and National Governors Association.

These organizations have been working together for the past two years to examine the changing roles and relationships among the three sectors in order to determine how to improve cross-sector collaboration to achieve public purposes.

This executive summary is excerpted from the joint publication, *Working Better Together: How Government, Business, and Nonprofit Organizations Can Achieve Public Purposes Through Cross-Sector Collaborations, Alliances and Partnerships*. The report presents findings and recommendations from meetings with representatives from the government, business, and nonprofit sectors, which were held throughout the nation.

## Acknowledgments

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## Ordering The Report

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To order the full report contact one of the partnering organizations listed on the inside front cover. The suggested price for *Working Better Together: How Government, Business, and Nonprofit Organizations Can Achieve Public Purposes Through Cross-Sector Collaborations, Alliances and Partnerships* is \$10.00/members or \$15.00/non members.