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# Trust as an Asset

## Teaching Note

This case describes the tensions involved in working across organizational boundaries to develop management innovations that respond to shared concerns. It tells the story of the Metropolitan Alliance of Community Centers (MACC), a coalition of human service organizations in the twin cities of St. Paul and Minneapolis. The case illuminates the dual tracks of collaboration, one which emphasizes the human process of developing shared values and trust, the other which emphasizes the technical management skills needed when developing innovations that stretch across organizational boundaries. It highlights the dynamics of inter-organizational relationships in arenas with multiple and sometimes conflicting goals. It has been used in university courses and executive education seminars, including those focused on public leadership and management, social work administration, nonprofit management, and collaboration and institutional design. The main leader in the case is a woman, although the story stresses the larger collaborative process she orchestrates rather than her individual attributes.

At base, this case illustrates the power that can come from combining technical skills of analysis with the softer process skills that make collaborative public management possible. Both segments illuminate a few key points:

- Much of public and nonprofit leadership involves grappling with and reconciling contradictory goals and conflicting imperatives.

This case was a first place winner in our 2007 “Collaborative Public Management, Collaborative Governance, and Collaborative Problem Solving” teaching case and simulation competition. It was double-blind peer reviewed by a committee of academics and practitioners. It was written by Jodi Sandfort and Timothy Dykstal of the University of Minnesota, and edited by Laurel Saiz. This case is intended for classroom discussion and is not intended to suggest either effective or ineffective handling of the situation depicted. It is brought to you by E-PARC, part of the Maxwell School of Syracuse University’s Collaborative Governance Initiative, a subset of the Program on the Analysis and Resolution of Conflicts. This material may be copied as many times as needed as long as the authors are given full credit for their work.

- Any important problem has multiple solutions. Pursuing any particular one requires people to weigh tradeoffs. Some tradeoffs are objective – and have financial, human, or other resource implications. Other tradeoffs involve values – culture, vision and trust. Decision-making often requires that leaders grapple with all dimensions to arrive at the most appropriate option.
- For nonprofits, particularly those providing human services to needy families, there is often no clear decision point when collaboration or competition with other organizations is operative.
- Human relationships are important for they create structural realities that determine the ebb and flow of essential resources – information, finances, and human expertise.

### Case Summaries and Discussion Questions

Both segments of the case are written as decision-forcing situations. Students can be asked, very particularly, what should be done *next*?

At the beginning of *Part A*, we are introduced to a bottom-up collaboration among 13 organizations that share common traditions and beliefs. Because of looming budget cuts and a hostile political environment, the leaders of these organizations, who comprise the MACC board of directors, are grappling with how to grow their alliance without compromising these values. They want to advance their political influences and improve the effectiveness and efficiencies of their organizations. Unfortunately, many of the members have lived through merely *symbolic* efforts to collaborate and are searching for something more. What is the right course? Should they pursue a common public policy agenda? Coordinate programs? Simply continue to share triumphs and troubles? Or should they work, more ambitiously, to save money by consolidating administrative functions, such as finances, human resources and information technology management, into a “managed service organization” (MSO)?

In 2003, MACC hired a new executive director, Jan Berry, who wanted to expand the vision of the alliance altogether. She began learning conversations among the board members and expanded the organization beyond its core of 13 settlement houses to other human service agencies. She also championed the MSO idea, not just as a cost-cutter, but also as an opportunity to deepen the collaboration among MACC’s members. In an environment where agencies were wary of collaborating with their competitors for funding, Berry pushed the members to be competitive and collaborative at the same time. The trust that was beginning to be developed among MACC’s members was tried when a consulting firm studied the options and revealed that – at least as it had been configured – a common backroom would actually cost *more* money than it would save. Facing this impasse, the CEOs of the alliance appointed their Chief Financial Officers (CFOs) to look at the problem again. The CFOs rewound the analysis and conducted it making different assumptions. Part A ends with various scenarios that the MACC board of directors could pursue: they could turn away from the idea all

together, or assume one of three various models with different levels of risk.

Some questions that can be posed to help students more deeply explore *Part A* include:

- What are the management and leadership challenges confronting these human service organizations?
  - ◊ What are the respective roles of executive directors and managers in functional areas, such as financial management and human resources?
- What does it mean to think “strategically” about a human service organization? Is it different from thinking strategically about any other kind of organization?
  - ◊ Why is public policy advocacy appealing to this collaboration?
  - ◊ Why is administrative consolidation appealing?
- What are the moments of leadership that are seized in this case? By whom? Why?
  - ◊ How is gender important in the exercise of leadership?
  - ◊ What are the ethical issues that must be navigated?
- What are the structural, cultural and operational difference between a “trade association” model and the deeper collaboration that the MACC leaders envision?
- Who are the stakeholders in this policy field? How must they be managed?
- Do you think venturing ahead with the MSO is worth the risk? What are the costs and benefits? Are there other risks that MACC’s managers are not seeing? Are there some that they are overestimating?
  - ◊ The “steady-state” model of an MSO is high cost, low risk. The “smooshed” model of an MSO can be lower in cost, but is high risk. Which do you prefer?
  - ◊ Which would a manager of an individual agency in the collaboration prefer?
  - ◊ Which would the managers of MACC itself prefer?
- How does “trust” function as an asset in their deliberations about this risk?
- What are the other viable ways that MACC could deepen its collaboration beyond the managed service organization idea?

*Part B* reveals the Board’s decision to implement the MSO idea through a rapid migration of middle managers from their home agencies to a new organization. Since this approach involved more risk, this segment discusses the steps taken by the CEO and CFO committees to reduce those risks. It describes, among other things, how a new, legal structure is identified and adopted, and how a pricing model and systems to support joint services are developed. When staff actually needed to be shifted, both groups realize they need to pay as much

attention to team building and to creating a cooperative organizational culture, as they do to the technical details of structuring the organization. While the managed service organization — now named the “Commonwealth”—would not produce cost savings, MACC’s leaders realized that the trust evolving among the new partners was an important asset.

Some questions that can be posed to help students more deeply explore *Part B* include:

- What are the principles that should be used to establish the price of MSO services?
- How does collaborative management—the kind of alliance that MACC was forging—serve the larger purpose of helping these organizations to move people out of poverty? Are there other kinds of collaborative efforts that could serve it as well, or better?
- When does the "rubber hit the road" in the collaborative process involved in developing the Commonwealth? What are the key decision points and what leadership and management competencies were necessary to move the innovation forward?
- How were organizational development tools used in this transformational process? Did they add value? What other tools could leaders or managers utilize?
- What will be involved with trying to engage the “hearts and minds” of Commonwealth employees in the same way that more direct human-service agencies do? What specific steps might managers take to stay connected to the missions of the original organizations?
- Dan Hoxworth contends that the funding community has not yet recognized the value of the Commonwealth collaboration. Can you think of another “social innovation” pioneered by a non-profit whose value was slow to be recognized?
- How does trust move from an individual to an organizational characteristic? What is achieved in that translation?

## Supplemental Readings

Teachers may find use in supplementing this case with readings that emphasize the technical solution to collaboration (a managed service organization), the human solution (the process of building trust) or both. Some potential resources for either are listed below:

Bardach, E. 1996. "Turf Barriers to Interagency Collaboration." Pp. 169-192 in *The State of Public Management*, edited by D. Kettl and H.B. Milward. Baltimore: Johns Hopkins University Press.

Coy, Bill and Vance Yoshida. "Administrative Collaborations, Consolidations, and MSOs." La Piana Associates, Inc. Retrieved 1/8/07 [http://www.lapiana.org/downloads/Admin\\_Partnerships\\_briefing\\_paper.pdf](http://www.lapiana.org/downloads/Admin_Partnerships_briefing_paper.pdf)

Himmelman, Arthur T. 1996. "On the Theory and Practice of Transformational Collaboration: From Social Service to Social Justice." *Creating Collaborative Advantage*, edited by C. Huxham. London: Sage Publications.

Huxham, Chris and Siv Vangen. 2005. *Managing to Collaborate: The Theory and Practice of Collaborative Advantage*. 1st ed. New York: Routledge.

Kohm, Amelia and David La Piana. 2003. *Strategic Restructuring for Nonprofit Organizations Mergers, Integrations, and Alliances*. Portsmouth, NH: Greenwood Publishing Group.