

PUBLIC-PRIVATE PARTNERSHIPS

P3: An equation that works

By Cassandra Larsen, Of Counsel

PPP, P3, and P³ may seem like complicated algebra problems that leave you scratching your head. But, in actuality, each stands for “public-private partnerships”—a collaborative equation that makes perfect sense for everyone involved.

What are They?

Public-private partnerships have existed for a long time, but have never been fully appreciated for their potential to help solve social problems.

A P3 is a contractual agreement between a private-sector entity and a public or government (federal, state, or local) agency, whereby the parties involved agree to combine resources and expertise to deliver greater efficiencies and impact. When focused on addressing a social issue, such a partnership can effect positive change at both the local and national levels.

Philanthropy at a Crossroads

Private philanthropy and government philanthropy have always existed but rarely intersected. Now, the philosophy of philanthropic giving is at a crossroads, particularly in today’s difficult economic times. Many private philanthropists are seeking new opportunities to engage with the public sector. Social services are benefiting from this thoughtful change, including organizations and programs that serve the homeless population, food banks, senior citizens, and education.

When the economy is good, government at all levels is challenged to keep pace with the growing demands of its constituencies—the basic premise of “supply and demand.” However, with the recession of the past few years, government has also realized an increased burden to provide social services—either by itself or through equally stressed nonprofit organizations. As a result, the public sector has increasingly looked to team up with nonprofits and private philanthropists to address a variety of social issues in more pragmatic ways, and with longer-term results.

So, What’s the Problem?

One of the major considerations in this type of P³ arrangement is the question of whether the combined funds are being spent appropriately.

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Nancy Payne, MBA, director of consulting for the Center for Nonprofit Management in Dallas describes it best: "With heightened competition for traditional sources of funding, nonprofit leaders can find themselves spending most of their energy chasing dollars to keep their doors open instead of focusing on their bottom line—their mission. Life's too short not to connect in meaningful ways."

The Solution: Spend Less on Partnerships that Don't Work, and More on Those that Do

In 2009, President Obama created the White House Office of Social Innovation and Civic Participation to funnel government resources to effective nonprofit and private programs involved in charitable work. When private philanthropists find an approach that is successful, the government allots funds to those programs. Begun with a \$50 million budget, this office itself is a positive example of the power—and ultimate success—of a P³ equation that works to find a beneficial solution for all partners involved.

"If the White House Office of Social Innovation can improve the context for social innovation, its impact will extend far beyond a new government bureaucracy," said Professor Clayton M. Christensen of Harvard Business School in the *Huffington Post*. "It will transform the way we solve problems; create a powerful new alignment around impact; and foster an environment where government, the vast reservoirs of American philanthropy, and socially innovative entrepreneurs will spend less on things that don't work, and more on things that do."

Top 5 "Best Practices" for P³ Success

Government and public-sector organizations, nonprofit organizations, and foundations are willing to provide greater services to citizens, but their budgets seldom support the increase for those needs. Partnering with for-profit organizations and private-sector companies can potentially provide a solution.

However, these public-private partnerships have a greater chance of success if they are mindful of and adhere to five P³ best practices:

- Create mutual trust between the public-private partners
- Prioritize the issues facing the partnership
- Resolve any conflicts of interest, including the organizations' separate structures, stakeholder support or lack thereof, and/or other external challenges
- Develop an understanding of, and support for, each other's broader mission and image
- Identify a detailed revenue stream, as well as an outlay of expenses

Why I'm a Believer in P³

In my more than 30 years of working in both the public and private sectors, I've seen how a P³ can be successful. These experiences have made me a believer.

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An early but good example in which nonprofits benefited from corporate engagement was during my tenure as community and public affairs director at KSAZ-TV/FOX10 in Phoenix. We provided invaluable pro bono on-air time and sponsorships to nonprofit organizations to help them raise awareness of their mission and goals, and reach a broader audience than they could have via more traditional channels. We also helped garner volunteers for their organizations through the broadcast of a weekly on-air program called “Volunteer 10.” The effort included a live telethon broadcast designed to raise funds in support of various local nonprofits throughout Arizona.

Another example in which I was personally involved is the Arizona Prevention Resource Center at Arizona State University. In partnership with a philanthropic woman’s organization, the Center developed and initiated bully prevention training to more than 200 schools statewide at no cost to them. The program still exists and continues to provide vital services and training to address a troubling—and sometimes deadly—social problem that has become all too real in many of our nation’s schools and college campuses. ASU President Michael Crow recognized the program as a leading innovation within the university structure.

One of the best examples of how public-private partnerships can and do work is Arizona’s public charter school system. As executive director of the Arizona State Board for Charter Schools, I had the pleasure of leading the growth of public charter schools in their infancy throughout our state and nation. The documented success of this movement, which provides choice in the public school education system, illustrates how public funding in tandem with private organizations has contributed to greater achievements and an enhanced educational experience for children and their families.

Most recently, I had the opportunity to serve as the director of the Arizona Governor's Office for Children, Youth and Families, which allowed me to support nonprofits statewide with government funding to assist them in their social service visions. There are numerous programs statewide that were provided funding to address domestic violence prevention, parent education on substance abuse, juvenile justice issues, and volunteerism. All of these programs were made possible through public-private partnerships.

The P³ concept is thriving in our consulting work with clients at Phoenix Philanthropy, which became particularly evident when I served as interim president for Educare Arizona. Various philanthropists and a programmatic partner engaged to build a facility that serves children and families in need of early childhood education. The program is based on a proven model started through the Buffett Early Childhood Initiative. Initially, state funds were targeted to support the Early Head Start and Head Start programs that would be provided in this multi-million dollar facility; however when state funds were cut, the program and funding partners were forced to reorganize their budget and assess how to make Educare Arizona work. This public-private partnership continues to assess the value it brings to the children and families of the community it serves. And, with the support of the nationally recognized early childhood education program partner, Educare Arizona is moving forward for a bright future.

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And the Final Answer is...

There are countless positive case studies, like those I've mentioned above, of effective P³s throughout Arizona and the nation that exemplify how these partnerships can be a "win-win-win" (W³) for all parties involved.

In short, P³ = W³ — a collaborative and successful solution to the philanthropic social equation.

To learn more about public-private partnerships, as well as our broad range of other nonprofit and philanthropy consulting services, contact The Phoenix Philanthropy Group at 1-877-524-8774, or visit us at www.phoenixphilanthropy.com.

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