



## Finding a Future - Adapting Through Collaboration

Questions answered by NIACC for Better Boards Conference Brisbane 30<sup>th</sup> July attendees.

1. Is one of the objectives of this type of collaboration (and there are others in NSW) to become more efficient and save money? Have you all saved money?

**Answer:** Yes definitely, an objective is to become more efficient and save money. As far as cost savings, it is early days yet - we are only now finalising the first of our supplier agreements following a tender process, therefore we cannot comment on actual savings.
2. How did you manage to share resources and retain sovereignty?

**Answer:** We do this as the premise on which we work – we all respect each other as equal partners regardless of the size of our organisation.
3. Collaboration often incur extra or hidden costs, please discuss

**Answer:** Yes, there are hidden costs, travel for meetings for example, but we all agree the benefits far out way these 'hidden costs'.
4. A director is responsible to the company or organisation. I.e. Alliance, so would the CEO's not be conflicted if they are put on board for member orgs to 'control' the Alliance?

**Answer:** Our constitution supports our director structure so therefore it is not a conflict.
5. How important is regionality to this model? Could an interstate model with synergistic and complementary services be successful?

**Answer:** Regionality is not the way NAICC Alliance is modelled. Our members are from the Hunter, New England and North-West NSW now. We have already had interstate interest and welcome national interest.
6. Have there been any benefits to sourcing funding from government or corporates from a combined alliance?

**Answer:** We have been the successful recipients of a philanthropic grant we applied for. If need be we will apply for further grants. We have not applied for any government assistance.
7. Would some smaller groups do well to collaborate to overcome some strategic goals then recoallesce with other groups to meet subsequent challenges?

**Answer:** Yes, they would. To be successful you need to ensure at a very early stage in the development of a collaboration everyone has the same goals and is prepared to supply all information necessary (due diligence for example) in a timely manner to proceed.
8. How did you overcome organisations' initial disagreements over the new structure and sovereignty?

**Answer:** From the very beginning all the founding NIACC Alliance members have been open and honest and on an equal playing field. Sovereignty has never been an issue as we are always going to maintain our autonomy but work together for common goals such as group cost saving.

9. We have set up 2 new Entities in last 12 months - what are your thoughts about CEO on boards of new formed partner entity as often they act in interests of their member not the new entity...

**Answer:** see question 4

10. How did you encourage the larger, better off organization to collaborate?

**Answer:** All organisations must undertake a due diligence process prior to becoming a member of NIACC Alliance. If Due Diligence is not met, no matter what size the organisation is, you are not eligible to become a member of the NIACC Alliance. We are all equal with equal voting rights and respect for each other. Small organisations are just as important to NIACC Alliance as larger organisations.

11. When older buildings need urgent upgrades in the alliance does the alliance share the cost?

**Answer:** NO. We are all stand-alone with our operations and assets.

12. What is your opinion about the high governance admin in setting up and then ongoing management of the new Entity

**Answer:** Get it right in the beginning! Ensure a Due Diligence process is undertaken by the perspective members, apply for grants and seek the services of consultants.

13. How much, if at all, did members of the alliance collaborate prior to the formal agreement? In other words, how ground work did it take to build trust?

**Answer:** Between 12 and 18 months was spent with organisations Senior Staff and Board Members plus consultants prior to Member Agreements being signed.

14. How did you address the conflict of the CEO's on the alliance board? You mentioned that you could control (and replace) them through their employment contract but they also have duties as directors.

**Answer:** We haven't a conflict of CEO's on the Board of NIACC and feel this is a misinterpretation. NIACC does not have the authority to control or replace CEO's through their employment contract.

15. Did you consider single name branding and how that could benefit all the organisations in the group?

**Answer:** NIACC Alliance is the name of our Alliance but we all retain our individual autonomy.

16. We find analysing rural service providers, viability is often tied to geographical footprint and density. Was this a factor for some of the groups who chose not to join?

**Answer:** No geographical footprint and density was not a factor at all to join NIACC Alliance. All members must meet Due Diligence, be stand-alone not for profit organisations as per our member agreement.

17. Were there independent directors on the Alliance board with the CEO's?

**Answer:** No. We are all the most senior staff of our organisation – CEO or Manager.

18. Exit strategy? Considerations and challenges.

**Answer:** Yes, exit strategy has been addressed in the member agreement and we have associated policies and procedures.

19. Where did the idea come from?

**Answer:** NIACC alliance was born from a regional ACSA forum where interested parties who were very mindful of changes in the residential aged care sector and who are passionate about what they do well and the need to be able to continue to deliver this care.

20. Has the changed policy environment been a key driver for collaboration? Would this collaborative alliance have developed if policy drivers had not been enacted?

**Answer:** See above

21. How often do you evaluate and what do you evaluate to ensure your collaboration is delivering results and turning talk into tangible results?

**Answer:** As we are still in our infancy stage we meet at least monthly and at times as often as fortnightly. We will be evaluating our supply of medical and wound care supplies, continence aids and insurance broker as these are the tenders decided. We will not only be evaluating cost savings, but also service to each of our organisations.

22. Is each of the alliance partners from a different town? Has the alliance been approached by other organisations since its formation and is there an openness to receive new alliance partners?

**Answer:** Yes we are all from different towns; yes we have been approached by other organisations and yes we are open to receive new NIACC Alliance members providing they meet due diligence and our other criteria.

23. Was the different size of the member organizations reflected in the board of the alliance entity?

**Answer:** No, each organisation has one director on the board and everyone has equal rights.

24. What evidence is available as to the success of this model?

**Answer:** This question will need to be asked again in 12 months as we are only just starting with cost saving measures. We are all likeminded with the same end goals to remain stand alone and viable. We are all definitely achieving these goals.

25. Director responsibility to board they are on vs representing their organisation

**Answer:** The Member Agreement, Constitution and Policies and Procedures of NIACC Alliance all support our roles as Directors who represent our individual organisations.

26. Did you make provision for a full merger in the future as the collaboration settles down?

**Answer:** No. this is not our intention. We all want to retain our autonomy.

27. What is the new entity financing for its members?

**Answer:** We are cost saving and income maximising as an Alliance – the Alliance isn't financing anything as such.

28. Ultimately residential aged care is capital intensive. Building design and maintenance play a critical role in quality care as acuity of clients increases. Is this provided for in the model?

**Answer:** No. We all retain our autonomy and our own assets and their maintenance.

29. Who conducted due diligence and how to pick up those issues?

**Answer:** CRH Law was engaged to conduct our Due Diligence process. They are very experienced in the Not for Profit sector and conducting Due Diligence processes.

30. How do the CEO's manage the conflict of interest created by them being a director of the new entity?

**Answer:** The Member Agreement, Constitution and Policies and Procedures of NIACC Alliance all support our roles as Directors who represent our individual organisations.

31. How long did the process take?

**Answer:** Approximately 18 months before the Member agreement was signed.

32. What is the benefit to the consumer/client

**Answer:** Other than the cost savings, there was the networking with likeminded CEOs/Manager and in our case the opportunity to contract our services to each other eg. IT services.

33. The MRC Alliance in NSW seems to be struggling with some CEOs pursuing their hidden agendas, which affects trust building and ongoing commitment. How do you hope to prevent such situation?

**Answer:** We ensured we spent time in the beginning getting everything right.

34. How do you manage tendering for contracts? Competition between alliance members?

**Answer:** We have contracted tender writers; one member of NIACC is the contact and manages a tender process. We are group buying so there is no conflict between NIACC members.

35. The due diligence process can be very involved and opening/offering up detailed information about the orgs... In a small competitive environment, how was this handled...

**Answer:** The Due Diligence process was conducted by CRH Law. We all trust and respect each other and this is essential for the Alliance to work.

36. Can you confirm that the CEOs on the new entity board have been able to be independent of their member organizations given they are presumably different in size. Who chairs that body?

**Answer:** The Member Agreement, Constitution and Policies and Procedures of NIACC Alliance all support the CEO's roles as Directors who represent our individual organisations. The Directors elected the Chair who is one of the Directors.