

# 3

## Cross-Sector Collaboration: Lessons from the International Trachoma Initiative

*Diana Barrett, James Austin, and Sheila McCarthy*

IN NOVEMBER 1998 THE EDNA MCCONNELL CLARK FOUNDATION and Pfizer Inc announced the formation of the International Trachoma Initiative (ITI), an organization with the immediate goal of implementing a multifaceted strategy to combat trachoma, a disease that blinds millions in developing countries. The creation of the ITI represented the latest phase of a strategic alliance between the Edna McConnell Clark Foundation (Clark)—a large, private, New York-based philanthropic foundation that in 1998 awarded \$28 million in grants—and Pfizer—a global pharmaceutical company that in 1998 generated over \$13.5 billion in revenue. An analysis of the partnership's evolution offers lessons of the potential power of this type of collaboration to more effectively leverage philanthropic resources.

In his book *The Collaboration Challenge* (2000) James Austin argues that cross-sector partnerships will increase in frequency and importance in the coming years, given the political, economic, and social forces that are driving more and more for-profit corporations and non-profit organizations to increase the scope and nature of their collaboration. Many are moving from arm's length philanthropic relationships toward collaborative relationships that are more intense, more strategic, and involve joint value creation. The shift represents an opportunity to magnify the social value and the benefits to the partners, but carries with it greater challenges and managerial demands than the traditional model of financial donation. Harvard Business School professor Michael Porter recently argued that philanthropy must focus on the creation of value rather than simply the donation of money, and, furthermore, that this is the social obligation of foundations, given the tax status they enjoy (Porter & Kramer, 1999). He suggests that a way to accomplish this is for foundations to act as catalysts for partnerships.

This chapter aims to deepen our understanding of the process of cross-sector collaboration in the public health arena and the factors contributing to effective

partnering. It examines the evolution of the Clark-Pfizer alliance, with particular reference to research findings from other studies of strategic partnerships between non-profit organizations and corporations. After a brief description of trachoma, we provide an overview of the evolution of the Clark-Pfizer relationship and then examine in more detail critical elements of the partnering process: making the connection, achieving strategic congruency, creating value, and managing the strategic integration.

## Trachoma

According to the World Health Organization (WHO), about one out of every ten people in the world are at risk of getting trachoma, over 150 million people have the disease, and approximately 6 million are blind from it (Thylefors, 1995). Caused by the *chlamydia trachomatis* bacterium, the disease produces infections of the upper eyelid. Repeated infections over the course of many years deform the eyelid, damaging the cornea and eventually leading to blindness. Trachoma disproportionately affects women and has devastating consequences for families (ITI, 2000). Importantly, the disease is both treatable and preventable. However, given the economic and development status of the countries WHO has identified as high priority (table 3.1), resources to combat the disease are often scarce. Adding to the difficulty of treatment are the different types of resources needed for effective control of the disease, including surgery, antibiotics, and personal and environmental hygiene. In 1997, WHO formed the Global Alliance to Eliminate Trachoma by 2020 (GET 2020), a coalition

**Table 3.1. WHO-Identified Priority Countries**

AFRICA	MIDDLE EAST	ASIA
Chad	Algeria	Myanmar
Ethiopia	Morocco	Nepal
Gambia	Oman	Pakistan
Ghana	Yemen	Vietnam
Guinea-Bissau		
Mali		
Niger		
Tanzania		

Source: World Health Organization Program for the Prevention of Blindness.

involving representatives from the research, governmental, non-profit, and for-profit sectors. According to the report of its first meetings, GET 2020 saw as its challenge “to coordinate activities and to mobilize resources to assist national governments with trachoma control programs as part of primary health care” (GET 2020, 1997, p. 3).

The activities of GET 2020 were centered on a multifaceted approach to control trachoma known by the acronym SAFE, which included:

- Surgery to correct advanced stage trachoma
- Antibiotics to treat active infection
- Face washing to reduce disease transmission
- Environmental improvement to increase access to clean water, better sanitation, and health education.

It also encouraged support for a World Health Assembly resolution in May of 1998 describing the SAFE strategy and calling on ministries of health to eliminate trachoma as a cause of blindness.

As part of its Program in Tropical Disease Research, the Clark Foundation had supported many of the studies that had contributed to the understanding of the disease and its control strategies. Beginning in 1985, it had provided grants for studies that formed the scientific basis for the development of the SAFE strategy (Clark Foundation, 1988–1999). The SAFE strategy underscores the complexity of trachoma control and the need for a comprehensive approach.

### **Evolution of the Clark-Pfizer Relationship**

Austin’s research on alliances between non-profit organizations and corporations revealed that they sometimes evolve along a “collaboration continuum.” This continuum begins with a traditional *philanthropic* relationship of simply granting and receiving financial aid, then moves to a *transactional* stage in which the organizations engage in one or more focused activities, with both sides contributing resources to carry out goals seen as mutually beneficial. This increases the importance and potential benefits of the relationship to both organizations. The third *integrative* stage on the continuum entails a broader and deeper fusion of people, institutional resources, and activities that hold high strategic value for the partners. This organizational integration is more akin to an ongoing joint venture than a specific transaction. Some of the characteristics of the relationships between organizations in the different stages are shown in table 3.2.



represented a vast improvement over the existing tetracycline treatment, which required topical application twice a day for six weeks, a regimen much more difficult to comply with.

At this stage, the Pfizer and Clark relationship can be viewed as philanthropic in terms of the characteristics delineated in table 3.2. While the two organizations collaborated at some level on these studies, the scope of activities was narrow and the interaction centered around the research and clinical staff in Pfizer's international pharmaceutical group and the researchers funded by Clark. However, the relationship started to shift as both Pfizer and Clark began to recognize the potential of Zithromax in broader trachoma control efforts and the opportunities that this presented.

In 1994 and again in 1995, Dr. Joe Cook, head of the Program for Tropical Disease Research at the Clark Foundation, briefed Paula Luff, manager of Corporate Philanthropy Programs at Pfizer, on the status of the Zithromax pilot studies. In 1995 they discussed the possibility of piloting a trachoma control program in Morocco. The international pharmaceutical group at Pfizer was also monitoring the progress of the ACT study and had begun thinking about the possibility of donating Zithromax once the ACT study had been completed and the WHO had recommended the use of Zithromax in the treatment of trachoma. In November of 1995 an interdivisional working group was formed at Pfizer to analyze the possibility of such a donation program. Of immediate concern was whether to recommend that Pfizer support a pilot project in Morocco. This project would involve significant collaboration with the Clark Foundation, the ministry of health in Morocco, and Helen Keller International, an operating non-profit involved in blindness prevention with a strong presence in Morocco. The working group met on a regular basis to work through the various issues associated with the project.

The relationship migrated from the philanthropic to the transactional stage with the decision to move forward with the Moroccan pilot. This was a focused activity in which both sides were contributing specific resources. As this trial went forward, the level of engagement between Clark and Pfizer increased, as did the strategic importance of the program for both organizations. Clark, with 25 years of experience in tropical disease research, provided the expertise of its tropical disease staff as well as funding. It also brought good will, which had been built up over many years of working with ministries of health, including their investigators, and non-governmental organizations in the endemic countries.

Pfizer, in addition to donating Zithromax for the pilot project, provided grants for public education to support other components of the SAFE strategy. Moreover, from the outset, the working group began to plan for expansion. The pilot was viewed by Pfizer's working group as an opportunity to understand better both the effectiveness of Zithromax and the challenges associated with its incorporation into a larger public health program.

Over the course of the Morocco Pilot, the interactions between Clark's tropical disease staff and Pfizer's working group intensified. Indeed, the Moroccan Pilot required partnership not only with Clark, but also with a range of organizations within the country. Thus, when the senior leadership at Pfizer and Clark made the decision to expand the trachoma program, the strategic centrality of the activity, the level of engagement, and the magnitude of resources all increased significantly, moving their collaboration into the integrative stage. This culminated in the decision to create a new non-profit organization, the International Trachoma Initiative—a joint venture with shared funding, combined governance, and the fusion of both organizations' core competencies. Let us now turn to the key elements that drove the relationship.

### **Making the Connection**

Cross-sector partnerships do not happen; they are built. An emotional connection with the social purpose is usually the catalyst for forming the relationship. The prospect of a program that prevented blindness from trachoma resonated with leaders at both Clark and Pfizer. The Clark Foundation had spent 25 years funding research to prevent tropical diseases and now had an opportunity to build on this experience and see its research applied in affected communities. Indeed, it had funded the research that was credited by many with moving the scientific field of trachoma control forward and now had the opportunity to "finish the job." That is, it could help to make operational its research in a way that directly improved the lives of disadvantaged people, fulfilling Clark's core mission.

Leaders at Pfizer were also able to connect on an emotional level with this initiative. As one Pfizer manager put it, "One of the reasons people enjoy working at Pfizer is that we conduct medical research that helps with the illnesses that mankind suffers" (personal communication, November 8, 1999). Indeed, this type of initiative fit with Pfizer's stated value of providing care to those in need. Specifically, managers throughout Pfizer, including its marketing and clinical staffs, were motivated to pursue the use of Zithromax in the prevention of

trachoma. Indeed, the internal working group that was formed to analyze the issues surrounding a philanthropic program was voluntary and required participants to take on this work over and above their existing responsibilities. Clearly, there was an emotional connection that served as a powerful motivator.

But connecting with the social purpose is not enough. The key staff involved in the collaboration must also be compatible. Bad interpersonal chemistry can quickly kill an alliance. Therefore, a “getting acquainted” period and process is needed to ascertain compatibility and develop a positive relationship. Clark and Pfizer interacted over eight years, beginning with the initial pilot studies in the early 1990s. This interaction intensified through their collaboration on the Morocco Pilot Study. This incremental engagement process also enabled them to undertake a due diligence assessment of each other to assess attitudes, capabilities, and commitment. Internally, Pfizer had considered several options in managing a trachoma initiative. These options included housing the program internally, partnering with other organizations, or partnering with Clark. In the end, the group recommended a partnership with the Clark Foundation, citing among other things the history of successful collaboration with Clark both in the initial studies and the Morocco Pilot.

These interactions built understanding and trust, which are important building blocks for strategic alliances. Ongoing management of an effective alliance or collaborative venture requires a mindset and a set of attitudes that allows them to function in an environment characterized by risk, instability, and the unknown. Indeed, many collaborations evolve in rather unpredictable ways, depending to a great extent on trust and confidence (Das & Beng, 1998). Pfizer executive vice president for corporate affairs, Lou Clemente, observed, “We felt comfortable with Clark from the beginning. We didn’t have to sell them on things that were important to us. They knew what we were about, what would be important to us. And I think we were sympathetic with what they wanted to achieve” (personal communication, December 15, 1999).

Austin’s work on cross-sector collaboration supports the importance of an emotional connection. He has found that beyond traditional measures of effective leadership such as involvement, consensus building, and strategic implementation, these innovative partnerships are fueled by the emotional connection that key participants make not only with the social mission, but also with their counterparts in the partnering organization (Austin, 2000). Perhaps this personal connection is at the nexus of the confidence and trust that allows

these collaborations to develop. Personal connections become invaluable in developing the necessary levels of trust to proceed as the alliance unfolds and matures. This is particularly important when operating in an uncertain environment without the clear benchmarks that are often used by corporate managers.

There was a range of personal connections that helped to facilitate and solidify the Clark-Pfizer relationship. For example, some of the researchers funded by Clark had worked previously with Pfizer's scientists, so the two organizations had a small historical base of cooperation. This scientific connection continued with the trials of Zithromax. At the corporate level, the positive relationship between Ms. Luff and Dr. Cook was facilitated by a personal connection that helped to initiate the relationship. Ms. Luff recounted:

*There were a couple of fortuitous things. I came to Pfizer from CARE and it was around that time Clark's Tropical Disease Research Program had hired someone who used to work for me at CARE. She informed her boss, Joe Cook, that I was at Pfizer, and so we had breakfast at the Harvard Club and that is how it all started. At the same time, internally, our marketing and clinical trials folks had been working with Joe and they came to us and said, "We've got a great opportunity here, but we do the commercial side of things and we need help figuring out how to launch an international humanitarian effort." (personal communication, November 8, 1999)*

Both Dr. Cook and Ms. Luff were instrumental in building support for this collaboration within their respective organizations. Austin's research reveals that top leadership support for the business–non-profit collaborations studied was essential to their becoming strong alliances. Within Pfizer, Ms. Luff and the working group were able to present the program to senior management and to build a "business case." Ms. Luff stressed that they needed to demonstrate that it was a sound, workable program that would achieve results. The pilot program in Morocco provided an opportunity not only to learn about complexities of implementing this type of program, but also to build support within the company and strengthen the personal relationships between the two organizations.

Likewise, Dr. Cook was able to build support for this program within the Clark Foundation. The support of senior leadership at both the Clark Foundation and Pfizer for the trachoma program was clear and vital. As one Clark official put it, "If Mike Bailin [President of the Foundation] had not been convinced of this, it never would have happened" (personal communication,

September 1999). Indeed, Mr. Bailin worked with Dr. Cook to build support for this collaboration at the board level.

### **Achieving Strategic Congruency**

In addition to making the connections, strong alliances require a congruency of mission and strategy. Both Clark and Pfizer had missions that were supportive of eradicating disease. Clark was dedicated to improving the lives of poor, disadvantaged, underserved communities, with one of its strategic program areas being tropical disease research. This program had a long history of funding scientific research on the epidemiology and treatment of tropical disease. It had also funded studies to analyze the issues surrounding drug availability. Pfizer's mission as a for-profit pharmaceutical company had both economic and social dimensions. As William Steere Jr., chairman of the board and chief executive officer, stated in Pfizer's 1998 annual report, the company was focused on "discovering, developing, and bringing to market innovative medicines to save, protect, and enhance the lives of humans and animals." Moreover, a Pfizer manager stated, "We want to make sure that we develop medicines that work, that actually help people. We also would like to be a very profitable company, so it's kind of a dual motivation. And I think increasingly society is not seeing anything wrong with that" (personal communication, November 8, 1999). However, while there was overlap in missions, the strategies of the two organizations were initially somewhat different. Clark's strategy involved funding research; Pfizer's involved developing and commercializing pharmaceuticals. Shifts in strategy on both sides were needed to create a strong convergence.

#### ***Clark's strategic shift and issues***

The Clark Foundation, like other foundations, was concerned with finding new ways to increase its social impact and was reexamining its traditional approach. Its president, Michael Bailin, had come to the Clark Foundation in 1996 from an operating non-profit and, as such, had a perspective on the role of foundations that was somewhat different from Clark's previous leadership. In Clark's annual report, he outlined his view that foundations in general, and Clark in particular, had a unique opportunity to mobilize expertise and focus on building capacity in the field. He suggested "a more deliberative philanthropic investment needed to be made—of both dollars and ideas—in the organizational strengthening of our grantees and the strategic cohesiveness of the fields in which we work" (Bailin, 1998). He was advocating for a different approach to grantees:

*Instead of simply developing our own strategy, say around system-wide reform, and funding organizations to assist us in implementing that strategy, we would think of ourselves as investors in good products, services and ideas. That is, investing in organizations that had developed their own strategies and were having a measurable impact on disadvantaged populations. We would then take a more entrepreneurial approach and provide funding to assist with the development of sustainable programs that would have a long-term impact. This also means that instead of a traditional grant application, we would be more interested in a business plan that focused on the grantee's plans for growth and self-sustainability with clear benchmarks for success. (personal communication, April 12, 2000)*

Under Mr. Bailin's leadership, Clark was examining what this strategy shift meant to the organization in terms of its culture, staffing, and existing programs. As part of this transition the organization began to assess its existing programs in a more rigorous way. The trachoma program presented a unique opportunity to test this type of approach for several reasons. Mr. Bailin commented:

*The Tropical Disease Program had the advantage of being a conceptually rigorous program, which was grounded in the scientific method and focused on outcomes. It had had a tremendous impact in the field of trachoma control, but there was still work to do in terms of applying this knowledge in ways that would have real impact on the people affected by the disease. Collaboration with Pfizer to build this organizational capacity was exactly the kind of strategic shift we wanted to make as a foundation. Although somewhat different in that it was a new organization, the ITI was a good opportunity for us. We hoped to learn from it and to see not only if it is successful in terms of its stated goals to eradicate trachoma, but also, just as importantly, whether this type of organization would be a model for us going forward. (personal communication, December 15, 1999)*

In addition, by the mid- to late-1990s, Clark had reached a decision point with regard to its Tropical Disease Research Program and, more specifically, trachoma. Several researchers commented that Clark had had an enormous impact in trachoma, providing funding for over a decade that served to move the field forward. However, it needed to decide how, if at all, it should carry this program forward. Mr. Bailin explained:

*We basically took the idea to our board. We explained that we had supported a lot of scientific research in trachoma and trachoma control and that this was an opportunity for us to focus on implementing the results. It also allowed us to remain involved, but at the board level. Instead of simply phasing out trachoma funding and leaving it to others to apply the research, which is what we typically did in the past, this gave us an opportunity to create some long-term sustainability for trachoma control programs. The board agreed with this. (personal communication, December 15, 1999)*

This approach to trachoma and general strategy shift raised several issues for Clark.

- **Need to Partner.** Given both the complex nature of trachoma control and the legal constraints of foundations, Clark would need to partner with other organizations in order to build sustainable programs. It would need to rely on others to make operational the research that it had funded. This implies that Clark would need to be more cognizant of its partners' needs and work with them closely to ensure a coordinated approach. With this comes risk that the values and needs of a partnering organization, in this case Pfizer, might conflict with the needs of Clark.
- **Shift in Strategy Requires Different Organizational Capacity.** Shifting to an "investment" approach from its traditional funding approach requires different management and organizational resources, which Clark is still in the process of building. Like many strategic shifts, it also challenged the culture of the foundation.

Despite these challenges, Clark knew that collaboration with Pfizer presented a unique opportunity to understand some of the demands of its new strategy. More importantly, it was an opportunity to assist in implementing and applying the trachoma research it had funded and to have a real impact on the affected populations.

### ***Pfizer's strategic shift and issues***

Before partnering with Clark, Pfizer had been involved with philanthropic ventures, such as its "Sharing the Care" program in the United States, which makes available its advanced pharmaceuticals at no charge to the uninsured. But the donation of Zithromax focused on a single disease and involved developing countries, which presented a new and different type of undertaking. It created a

distinct opportunity as well as significant challenges for Pfizer. The opportunity seemed clear. Pfizer possessed an antibiotic that had proved effective in controlling one of the world's leading causes of preventable blindness. Indeed, it was considered to be a significant improvement over the tetracycline treatment and was recommended by WHO as the antibiotic component of its SAFE strategy. However, it was also clear that there was no viable commercial market for this application, given the poor economic conditions of the countries affected by trachoma. Instead, if it wanted to see Zithromax used for the treatment of trachoma, Pfizer would need to find a way to provide the drug at no charge to those affected by this disease. In addition to the potential impact on the affected population, a move to donate the drug was an opportunity for Pfizer to demonstrate its commitment to improving the health of those in need. However, this proposition carried with it a number of risks.

In general, the pharmaceutical industry has a mixed history with regard to drug donation programs. Merck's donation of ivermectin, a drug for the treatment of river blindness, generally is viewed as having had a positive impact both inside and outside the company, which positively influenced Pfizer's deliberations. The ivermectin program was housed within an independent entity, the Task Force for Child Survival. Merck had committed to providing the drug for as long as it was needed (see chapters 2 and 5).

However, there have been problems with other donation efforts that raised concerns. For example, Eli Lilly received criticism in the press for problems that occurred when it donated an antibiotic to assist in the treatment of wounded in the Rwandan civil war between the Hutus and Tutsis (Crooks, 1998). The company was accused of dumping expired drugs for the purpose of a tax write-off. And while the company contended that this was not true and that, in fact, the drugs expired due to logistical problems over which they had no control, the accusations did not help the company's public image. Glenna Crooks argues that this case is a leading example of what can go wrong with drug donation programs both in logistical and public relations terms (Crooks, 1998). Within this context, a decision to donate Zithromax for the treatment of trachoma raised a number of issues for Pfizer:

- **Logistical and Bureaucratic Issues.** In addition to legal and regulatory issues, Pfizer was also concerned that the existing infrastructure would not allow the drug to reach those in need. The experience of other programs had highlighted the complexity of this process. Indeed, any program would

require coordination with the local ministries and support of each country's governments. Additionally, it was important that WHO support the use of Zithromax in the treatment of trachoma. The complexity of these issues necessitated a collaborative approach.

- **Leakage of Zithromax onto the Black Market.** Given the logistical issues, there was a risk that the donated drugs would make their way onto the black market and displace existing commercial sales (Pfizer, 1996). Zithromax was a valuable drug that could be used to treat a number of human conditions, including respiratory infections in both adults and children. One of Zithromax's advantages is that it is rapidly distributed from the blood serum into the tissues. This allows a shorter course of treatment compared to many other antibiotics. Importantly, migrating white blood cells absorb extra quantities of the drug, allowing it to be delivered to the site of the infection. Zithromax was also considered one of the most potent anti-chlamydia drugs known. By 1998, according to Pfizer's Annual Report, it was the most prescribed branded oral antibiotic in the United States and a leader in international markets, generating over \$1 billion in revenue for the company.
- **Need for SAFE Strategy.** Research had shown that effective trachoma control included more than the antibiotic, such that simply providing the drug would only have a limited or temporary impact on the disease. In fact, prevalence after tetracycline ointment has usually risen to previous levels in about 12 months (Dawson, 1982; West, 1995). WHO's SAFE strategy recognized the range of components necessary for effective trachoma control. Thus, the long-term effectiveness of Zithromax in trachoma control depended upon the implementation of a broader program that encompassed all components of the SAFE strategy. Pfizer recognized and stressed that it was not considering a drug donation program, but a public health program based on the SAFE strategy.
- **Need for Collaboration with In-Country Organizations.** Pfizer and Clark had funded a report on the institutional dimensions of trachoma control to understand better what kind of organizational capacity was needed for an effective trachoma control program (Reich & Frost, 1998). Part of these findings pointed to the need to partner with a multitude of organizations including ministries of health and non-governmental organizations (NGOs) in the countries where the disease is endemic. While ultimately helpful, such partnering magnified the complexity of the undertaking.

- **Selection Process.** Another issue for Pfizer was ensuring that the decision to launch a program in a particular country was guided by objective criteria. These criteria would help to ensure that the decisions made were based on what was best for the development of the program. Pfizer and Clark provided funding for a study to develop country-selection criteria, which was completed in early 1998. These criteria included: political stability, government support and ministry level activities in trachoma control, strong partners on the ground, data on disease prevalence, and commitment to all components of the SAFE strategy.

These criteria provided guidance for the expansion of the program, helped to protect the program from internal and external pressure, and provided support for the selection of certain countries over others. This was particularly important because Pfizer wanted a phased project that allowed it to learn from its experience. Thus, it did not want to launch programs in all 16 of the WHO priority countries in its initial phase. Instead, it wanted a staged implementation that allowed it to gain experience and better understand the complexity of trachoma control.

- **Damaging Public Relations Situations.** A problem with any of the above would open the company to criticism. Thus, Pfizer could begin the program as a philanthropic effort but, if it were to encounter implementation problems, it could be faced with a damaging public relations situation. Handling of this would require additional resources to manage and improve the situation. In addition, since Pfizer supported a phased project and not a program with an open-ended commitment, there was also a need to carefully manage expectations.

## **Creating Value**

Strategic alliances seek to create value for each partner. Cross-sector alliances also create social value—value that could not be created by either of the partners independently. The greater the value and more balanced the mutual benefit, the stronger the alliance. Clark and Pfizer each brought unique assets to their relationship that were complementary and would help to manage many of the risks raised by the proposed trachoma control program. Clearly, each organization could independently add some level of value to the trachoma control efforts, but that value could be multiplied if they combined their complementary capabilities and entered into a more formal collaborative and strategic relationship.

Doz and Hamel argue that business alliances have at least three distinct purposes: co-optation, co-specialization, and learning and internalization (Doz & Hamel, 1998). The first of these, co-option, turns potential competitors into allies, effectively neutralizing potential rivals. Co-specialization results from combining previously separate resources, skills, and knowledge sources. When these resources are bundled together, they in fact become far more valuable than when they are kept separate. Bundling was clearly the opportunity facing Clark and Pfizer.

Pfizer brought the drug production and logistics capability and management skills, as well as financial and staff resources, and Clark brought financial resources, its network of relationships with in-country organizations, as well as its credibility with governments, WHO, non-governmental organizations, and the research community. Under the leadership of Dr. Cook, the Tropical Disease Research Program had developed relationships with the scientific community, ministries of health in some of endemic countries, and non-governmental organizations working in trachoma control, which would be instrumental to the program's success. Both organizations were using their core capabilities and combining them synergistically to create additional social value.

In addition to the social value, there were benefits to be gained by each partner. Pfizer could enhance its reputation with external stakeholders and create pride and motivation among its employees. Merck's ivermectin donation program had clearly demonstrated that sizable benefits in this regard could be gained. Moreover, in some but not all markets, it could create more awareness about the benefits of Zithromax in the treatment of other diseases. Clark could also realize benefits. Because of its strategy shift, Clark saw the partnership as an important learning laboratory. One Clark official stated, "We are very interested in the issue of the creation of a new intermediary institution, because it is a possible strategy of investment partnerships for some of our other programs" (personal communication, April 12, 2000).

Research by Austin, as well as Doz and Hamel, suggests that alliances may also be an avenue for learning and internalizing new skills that can in turn be leveraged into other activities at future points in time. If Pfizer learns to work effectively with a foundation and is able to manage an alliance and add value to the work it could accomplish alone, these skills are likely transferable and valuable to additional work with Clark, but also to other possible collaborations. In fact, cross-sector alliances are so complicated that the lessons learned in this

arena might be enormously useful in intra-sector alliances. Likewise, the lessons for Clark would likely be applicable to other collaborations with both for-profit and non-profit organizations. Indeed, as it moves forward with its institution- and field-building strategy, how it manages its collaboration with Pfizer and its relationship with the ITI could offer important lessons for the management of similar relationships in other program areas.

Central to value creation is the ability to understand your partner. One Clark official observed that you cannot create value

*unless from the very beginning you sincerely inquire into what the other partner needs. For instance, our communications office encouraged us to be receptive to what Pfizer was saying about its communication needs. I think some foundations might have shied away from some of their communications requirements and the negotiation over wording. If there is going to be some announcement, Pfizer wants to be absolutely clear about everything. And they were right about that. I think our foundation is learning about this. (personal communication, September 1999).*

Pfizer Senior Vice President Lou Clemente similarly observed, as noted earlier, “I think we were sympathetic with what they [Clark] wanted to achieve.”

### **Strategic Integration: Launching the ITI**

The experience with the Morocco Pilot had led to a decision within Pfizer to expand the program. However, it wanted to maintain its ability to manage the process and closely monitor the progress of the initiative. Of central importance to Pfizer was its ability to demonstrate an impact on trachoma and not simply donate product. Likewise, Clark saw expansion as an opportunity to institutionalize much of the research it had funded and to “finish the job.” The key issue was creating a structure that allowed for appropriate control, program credibility, and multi-institutional collaboration in selected countries. That is, as the partners moved from the transactional stage into the integrative stage on the collaboration continuum, they faced the decision as to how best fuse their resources to bring the trachoma control program to fruition.

The ITI was established with a \$3.2 million grant from Clark, a \$3.2 million grant from Pfizer, and a commitment by Pfizer to provide approximately \$60 million worth of Zithromax. It was originally housed within Helen Keller International, a New York-based non-profit organization that had a long history

of working internationally to prevent blindness, including work with the two organizations on the Morocco Pilot. The ITI sought to carry out its mission by supporting the implementation of the SAFE strategy and, as such, became a member of GET 2020.

The ITI attained independent status when it received its 501(c) 3 tax status in 1999. It is governed by a joint board of directors with equal representation from Pfizer and Clark. This joint ITI board represents a high degree of organizational integration at the governance level. In addition, the ITI consists of a small secretariat and the Trachoma Expert Committee (TEC), as well as a series of national and international implementing partners (see figures 3.1 and 3.2).

The ITI secretariat supports the TEC and the board of directors, as well as its partner organizations. It is led by its executive director, Dr. Cook (formerly head of Clark's Program in Tropical Disease Research). The secretariat coordinates technical assistance in program planning, monitoring and evaluating, and manages the application process for ITI support. In doing so, it works closely with country programs to assist them with the development of applications through workshops and other technical assistance. The secretariat also oversees external communications regarding ITI activities and makes recommendations to the TEC and the board of directors, including recommendations regarding funding country programs.

The TEC includes a range of experts including experts in trachoma as well as individuals with expertise in international philanthropic programs. Liaisons from Clark and Pfizer as well as from WHO also sit on the TEC, as do representatives from the non-governmental organizations. It meets at least twice a year to review country plans, monitor progress of trachoma control programs, and provide technical oversight of ITI-supported activities. The establishment of the TEC broadened the spectrum of stakeholders and expertise, thereby enhancing the credibility of the undertaking. Its membership is shown in figure 3.1. The ITI board generally accepts the technical recommendations made by the TEC. This, in effect, represents the integration of these technical experts into the governance decision-making process.

The ITI initially committed to working with partner organization in five priority countries that were selected prior to the launch of the ITI based on the criteria developed by researchers at the Harvard School of Public Health. These countries included Mali, Tanzania, Vietnam, Morocco, and Ghana. The ITI invited applications from governmental and non-governmental organizations to

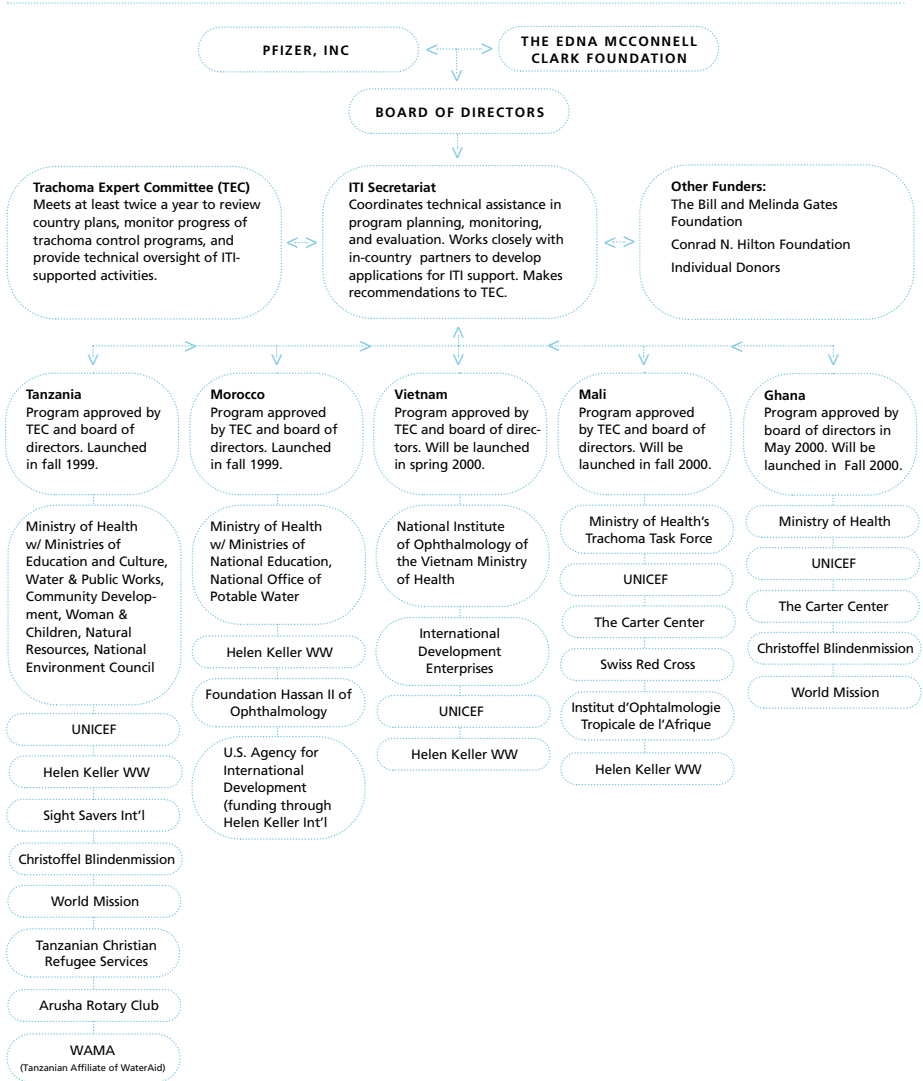
Figure 3.1. International Trachoma Initiative\*

BOARD OF DIRECTORS	TRACHOMA EXPERT COMMITTEE		ITI SECRETARIAT
<p><b>C. Lou Clemente, Chairman</b> Executive Vice President Corporate Affairs Pfizer Inc</p> <p><b>H. Lawrence Clark, Secretary</b> Trustee The Edna McConnell Clark Foundation</p> <p><b>Michael Bailin</b> President and Trustee The Edna McConnell Clark Foundation</p> <p><b>Joseph Feczko, MD</b> Senior Vice President, Medical and Regulatory Operations Pfizer Inc</p> <p><b>Edward C. Schmults</b> Chairman, Board of Trustees The Edna McConnell Clark Foundation</p> <p><b>Mohand Sidi Said</b> President Asia, Africa, Middle East Pfizer Inc</p>	<p><b>Joseph A. Cook, MD, Chairman</b> Executive Director of the ITI</p> <p><b>Chandler Dawson, MD (began 10/99)</b> Director Emeritus, Francis I. Proctor Foundation for Research in Ophthalmology University of California, San Francisco, CA</p> <p><b>Donald A. Henderson, MD</b> Director, Center for Civilian Biodefense Studies and Professor of Epidemiology The Johns Hopkins University School of Hygiene and Public Health</p> <p><b>Adetokunbo O. Lucas, MD, FRCP (retired)</b> Professor of International Health, Harvard School of Public Health and former Director, UNDP/World Bank/WHO Special Program for Research &amp; Training in Tropical Disease</p> <p><b>David C. Mabey, BM, MRCP (term ended 9/99)</b> Professor of Communicable Diseases London School of Hygiene and Tropical Medicine</p> <p><b>Nyi Nyi, PhD</b> Director, Program Division (retired) UNICEF</p>	<p><b>Michael R. Reich, PhD</b> Taro Takemi Professor of International Health Policy, and Chairman, Department of Population and International Health Harvard School of Public Health</p> <p><b>Sheila K. West, PhD</b> El-Maghraby Professor of Preventive Ophthalmology Dana Center for Preventive Ophthalmology The Johns Hopkins University School of Medicine</p> <p><i>NGO Representatives</i></p> <p><b>Hannah Faal, MB, BS (ended 9/99)</b> Sight Savers International Banjul, Gambia</p> <p><b>Virginia Turner, DPH (began 10/99)</b> Helen Keller International Arusha, Tanzania</p> <p><b>Volker Klaus, MD (designate)</b> Christoffel Blindenmission Munich, Germany</p> <p><i>Institutional Liaisons</i></p> <p><b>Bjorn Thylefors, MD</b> World Health Organization Geneva, Switzerland</p> <p><b>H. Lawrence Clark</b> The Edna McConnell Clark Foundation</p> <p><b>Paula Luff</b> Manager, Corporate Philanthropy Programs Pfizer Inc</p>	<p><b>Joseph A. Cook, MD</b> Executive Director</p> <p><b>Jeffrey W. Mecaskey</b> Program Director</p> <p><b>Jessica Rose</b> Program Associate</p> <p><b>Jessica Calderon</b></p>

\* Source: International Trachoma Initiative, 1999 Annual Report.

support trachoma control programs and stressed that the partners should “demonstrate the capacity to plan, manage, and evaluate trachoma control activities” (ITI, 1999). The ITI stated it would assist partner organizations with three types of support: technical assistance, donation of Zithromax, and targeted financial support.

Exhibit 3.2. Network of Partnerships (as of December 2000)



The decision made by Pfizer and Clark regarding the ITI's structure and strategy, along with the two-year funding commitment, offered four advantages:

- **Joint Control.** This provided Pfizer with some protection from potential criticism as well as internal and external pressure, since it shared governance

with Clark and the TEC, but gave day-to-day decision-making power to the secretariat. For Clark, it provided an equal voice that was important given Pfizer's size relative to Clark, which could distort the partnership.

- **Independence.** The structure allowed the collaboration to develop the management processes and culture that were appropriate for its strategy and working environment. It created some independence from the founding organizations, which would allow it to establish greater credibility. It also provided a path for the evolution into an organization that eventually could be governed and funded by other organizations in addition to just the two founders. This fit particularly well with Clark's desire to fund self-sustaining organizations.

Many collaborations among companies have led to the formation of joint ventures designed to share known risks (Doz & Hamel, 1998). In this instance, it seemed as if the problems likely to occur were so predictable that the alliance needed to be set up as a separate business. This allowed the alliance managers to forge their own identity, an identity that is fundamentally different from that of either of the partner organizations. This guaranteed that the agenda did not become subsumed under the overall corporate or cross-sector agenda and will stay on center stage as it develops and matures.

- **Network Development.** For the trachoma initiative to be successful, a network of other international, governmental, and non-governmental organizations must be involved. This was demonstrated in the Morocco Pilot, which involved Helen Keller International and the Morocco Ministry of Health. Their involvement was cited as an important success factor in the pilot (Reich & Frost, 1998). Moreover, each country needed to establish a unique set of partnerships that were appropriate to its situation. For example, the Tanzanian effort requires partnership with eight partner organizations in addition to the Tanzania Ministry of Health. These organizations include: Helen Keller International, Sight Savers International, Christoffelblinden Mission, World Vision, Tanzanian Christian Refugee Services (now known as SEMA), the Arusha Rotary Club, and WAMA (the Tanzanian affiliate of WaterAid). The Morocco program involved the Ministry of Public Health, the Ministry of Basic Education, Helen Keller International, National Office of Potable Water, and Fondation Hassan II. See figure 3.2 for a list of the various partnerships at work. The ITI's strategy was designed to encourage these partnerships to develop with organizations and governments with in-country expertise and experience.

- **Integration of Lessons Learned.** The commitment of interventions in the five countries over an initial two-year period allowed the ITI and its partner organizations to manage some of the risks as well as expectations. It also provided a clear time frame for evaluation. Each of the partners understood that this was an evolutionary process that likely would require changes over time based on the lessons learned related to the partnership with in-country programs, as well as the relationships among Clark, Pfizer, and the ITI.

However, the structure and time frame also created a number of management and organizational challenges. Six are noted here:

- **Some Loss of Control by Founding Organizations.** This appeared to be a greater issue for Pfizer, which needed to ensure that Zithromax was used appropriately and its distribution was managed in a way that minimized the threat of leakage.
- **Need for Strong Leadership.** The ITI needed to develop its own credibility within the field. While the founding partners brought a history and credibility to the ITI, the ITI needed to establish its own credibility as an organization, which takes time and strong leadership. It also required that bridges and connections be built between the new organization and both of the partners—an ongoing management challenge. The downside of establishing a separate organization to achieve the goals of the alliance without such bridges is that the new organization will become insular, unable to draw on the skills of the existing partners or to provide new learning for the parent organizations. With the appropriate leadership, however, agendas should be reinforcing rather than competing. The separateness of the new entity should guarantee the necessary support to add value without the constant need to argue for additional financing in a resource-constrained environment
- **Additional Administrative Resources.** The establishment of a separate organization requires additional resources or overhead separate from the two founding organizations. Financial resources would need to be dedicated to staffing the ITI in addition to the in-country partner organizations.
- **Clear Communication and Reporting Mechanisms.** Research on other alliances points to the importance of communication between the partners as essential to preserving an effective relationship (Austin, 2000). This partnership evolved based on strong personal relationships and open communication. However, as the ITI matures it will be important to institutionalize

these communications, so that they remain even if staff or leadership changes. This is particularly important as the needs of the two founding organizations and that of the ITI evolve.

- **Management of Other Stakeholder Relationships.** While ITI is governed and was initially funded by Pfizer and Clark, its success in achieving its ultimate goal is dependent upon relationships with other stakeholders. For example, WHO is an important stakeholder, as are the array of in-country organizations shown in figure 3.2 and any additional organizations that provide funding. The initial two-party alliance expands into cascading partnerships that form an implementation coalition. This increases the managerial and political complexity of the undertaking. One of the critical challenges will be to achieve a clear definition of institutional roles and responsibilities and create the coordinating mechanisms and incentives that ensure efficiency and accountability.
- **The Need to Demonstrate Short-Term Outcomes.** While the short time-frame provides focus, it also requires that the ITI demonstrate progress in a relatively short period of time.

## Conclusion

It may be too soon to evaluate whether the ITI will attain its ultimate goal of improving the control of trachoma. However, early indications are quite positive. In December 2000, the ITI announced that the pilot projects in Morocco and Tanzania had cut the prevalence of trachoma by over 50 percent among two million people in just over one year. Based on the success in Morocco and Tanzania, the ITI was planning to expand its program to reach 30 million people at risk of trachoma-related blindness worldwide. Trachoma control programs were underway in Mali and Vietnam, and another was slated to begin in Ghana in early 2001. Moreover, the ITI had received an additional \$6 million in funding over three years from the Clark Foundation, and from Pfizer 10 million doses of Zithromax for trachoma control and \$6 million in funding over three years for operational expenses. In addition, the Bill and Melinda Gates Foundation committed to contribute \$20 million over five years, and the United Kingdom's Department of International Development agreed to provide £1 million over the next year (ITI, 2000a).

At the time this chapter was written, the founding organizations and the leadership of the ITI were pleased with the progress so far. Ms. Luff commented

that the ITI had done a “remarkable job,” while Mr. Bailin was similarly enthusiastic about the accomplishments of the ITI. Dr. Cook in a press release commented on the ITI’s work to date: “No other country or program has even attempted to deliver all four components of the SAFE strategy, appropriately balanced to a large population of people living in trachoma-endemic areas. The progress we have made exceeded our own expectations for our first year’s operations” (ITI, 2000b).

However, the ITI and the founding organizations also recognized that they faced challenges in the future. By 1999, the ITI has already begun to think about additional sources of funding beyond those of the founding partners. It also had learned a great deal about the complexity of the relationships with its in-country partner organizations. For example, the ITI seeks to be a partner, but it is also a potential funder. This can create tension when working with in-country organizations, which understandingly may share different information with a funder than with a partner. In addition, as it considers expansion it would likely need to revisit the selection process for countries. In its initial phase, as a pilot, the founders had pre-selected the countries in which the ITI would work. However, as it expands, the ITI will have to determine a process that meets its needs as well as those of the founding organizations.

Pfizer and Clark will also need to manage their relationship with the ITI within the context of their own organizations. Pfizer will need to reevaluate the risks and benefits of the program within the context of the ITI’s experience to date. While it is pleased with the progress so far, it still needs to closely monitor the use and distribution of Zithromax. Likewise, Clark will need to reevaluate its approach within the context of its evolving strategy and approach to its grantees. For example, as it more fully develops its approach to grant making, Clark will need to decide to what extent it will ask the ITI to meet the same criteria as other organizations, such as the development of a clear business plan that outlines its strategy for growth and benchmarks for success.

Clearly, the organizational model of the ITI offers some key lessons for foundations and organizations that are attempting to collaborate to solve politically charged and complex social problems.

From the standpoint of a for-profit entity, such as Pfizer, the model provides control while minimizing some of the risks by creating an independent organization that can establish credibility for a philanthropic program by protecting it from actual or perceived pressure from the for-profit organization. The model

also allows the program to develop the operating mechanisms and expertise appropriate for the program, which might be somewhat different from those of the collaborating organizations. For foundations, this type of model can leverage expertise developed in program areas to build sustainable implementing institutions that can exist beyond the foundation's funding commitment.

That being said, if the ITI is going to be a sustainable social enterprise that makes a difference in eradicating trachoma, it must deal with considerable organizational complexity. This includes the management of the Clark-Pfizer relationship, which has moved to a highly integrative relationship of strategic importance to both organizations, involving high levels of engagement and managerial complexity. However, it also involves the establishment and maintenance of other alliances with organizations such as WHO, as well as the various non-governmental and government organizations. This requires a complex structure that must exist in multiple countries and relies on symbolic as well as operational leaders. Moreover, it requires a commitment to a range of outcomes important to the various stakeholders.

Although the outcome of the ITI remains to be seen, the Pfizer-Clark collaboration provides a rich example of how the core capabilities of corporations and non-profit organizations can be powerfully combined to create mutually and socially beneficial undertakings. Cross-sector collaboration clearly holds significant potential for contributing to societal betterment.

## References

- Austin, J. E. (2000). *The collaboration challenge: How nonprofits and businesses succeed through strategic alliances*. San Francisco: Jossey-Bass.
- Bailin, M. (1998). President's essay, 1998 Annual report. New York: Edna McConnell Clark Foundation.
- Crooks, G. (1998). Drug donation: Protecting industry philanthropy. *Pharmaceutical Executive*, 18(8), 66–76.
- Das T. K. & Teng, B.-S. (1998). Between trust and control: Developing confidence in partner cooperation in alliances. *The Academy of Management Review*, 23(3), 491–513.
- Dawson, C. R., Daghfous, T., Hoshiwara, I., et al. (1982). Trachoma therapy with topical tetracycline and oral erythromycin: A comparative trial. *Bulletin of the World Health Organization*, 60, 347–355.

- Doz, Y. L. & Hamel, G. (1998). *Alliance advantage: The art of creating value through partnering*. Boston: Harvard Business School Press, p.5.
- Edna McConnell Clark Foundation (1988–1999). Annual reports. New York: Author.
- GET 2020 (1997). Report of the first meeting of the WHO alliance for the global elimination of trachoma. Geneva: World Health Organization, p.3.
- International Trachoma Initiative (1999). Program information, July 12 update. New York: Author.
- International Trachoma Initiative (2000a). Press release, April 1. New York: Author.
- International Trachoma Initiative (2000b). Press release, December 4. Geneva and New York: Author.
- Pfizer Inc. (1996). Trachoma working group minutes, April.
- Porter, M. & Kramer, M. R. (1999). Philanthropy's new agenda: Creating value. *Harvard Business Review*, 77(6), 121–131.
- Reich, M. R., & Frost, L. (1998). *Institutional dimensions of trachoma control (Research report)*. Boston: Harvard School of Public Health.
- Thylefors, B., Negral, A. D., Pararajasegaram, R., & Dadzie, K. Y. (1995). Global data on blindness. *Bulletin of the World Health Organization*, 73, 115–121.
- Social burden of blinding trachoma exceeds US \$1 billion a year. (2000). *Trachoma Matters: A Newsletter of the International Trachoma Initiative*, 2(1).
- West, S., Muñoz, B., Lynch, M., et al. (1995). Impact of face washing on trachoma in Kongwa, Tanzania. *Lancet*, 345, 155–158.