Designing whole-systems commissioning
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Title: Designing whole-systems commissioning: lessons from the English experience

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Summary:

- The paucity of formal evidence, allied to the requirement for strategies that are sensitive to local history and context, means that a ‘blueprint’ for successful strategic commissioning is not currently available for adoption.
- We are therefore confined to proposing ‘design principles’ for those seeking to embark upon a transition towards a whole systems approach to strategic commissioning.
- People and relationships are of critical importance all the way through the chain from strategic commissioning to micro-commissioning. Most crucially, experience suggests that structural solutions alone cannot deliver effective relationships and will not be effective when relationships are neglected.
- The need to ensure staff, partner and political buy-in suggests that relationship management and consensus-building are an integral component of the leadership role in moving toward strategic commissioning.
- As with any major re-organisation, the move to strategic commissioning is essentially a change management initiative and therefore will stand or fall according to whether it adheres to good practice in the change management process.
- Central to this, and to achieving commissioning outcomes, is the requirement for meaningful service user and public engagement. Effective commissioning emphasizes individual capabilities as well as needs, and community assets as well as deficits and problems.
- Adoption of strategic commissioning approaches is still at the developmental and learning stage and arguably all structural arrangements should be regarded as transitional. Local
authorities would be advised to remain open to the evolution or reorganisation of their structures in light of ongoing evidence and experience.

- Work is required to ensure the right balance and distribution of commissioning skills and competencies.
- Finance and incentive alignment are crucial to ongoing strategic commissioning.
- Whilst *evidence and evaluation* are important, in a rapidly changing environment there are no clear-cut guidelines for success.
- Local strategic commissioning for outcomes is best served by bringing together the different service traditions which exist within local authorities as well as across the local statutory sector so that commissioning provides a common platform for improvement and transformation.
- Local change leaders should attempt to create a shared and continuing understanding of community needs, commit to a single set of priorities, and provide transparency of available resources across organisations.
Introduction

The separation of responsibility for planning and funding services from the task of delivering them has been a feature of the UK public sector for many years, although the extent of this separation has varied over time, location and service area. However, the recent consistency with which the role of the state has been portrayed as that of commissioner (or in some contexts as ‘enabler’ or ‘place shaper’) rather than provider is unprecedented (1) and there is a widespread recognition that, if commissioning is to be central to what the public sector does, the capacity and capability of individuals and organisations involved in commissioning needs strengthening. This paper reports from a review of the literature on strategic commissioning and from interviews with representatives of local government bodies that have led the way in introducing a whole systems approach to commissioning in England. The primary aims are to identify determinants of successful approaches as well as to assess the overall state of knowledge on this nascent area of public sector design and organisation.

We adopt the Cabinet Office’s (2, p.7) definition of commissioning as: ‘the cycle of assessing the needs of people in an area, designing and then securing appropriate outcomes.’ Specifically, we consider strategic commissioning as requiring a broader understanding of the whole system, and therefore as distinct from operational commissioning which focuses on procuring and developing local services to contribute to narrower (e.g. service-based) outcomes. Equally this ‘whole systems’ approach is distinct from individual commissioning which focuses on the delivery of individual service packages. After a brief explanation of the methods employed, results are presented and discussed thematically. These themes are grouped under the headings: outcomes; workforce; relationships; leadership; service user and public engagement; efficiency and cost savings and; structures. The paper finishes with a summary of main lessons emerging.

Methods

The two sources of data informing this discussion are: a review of the published and grey literature on strategic commissioning, and; interviews with experts from both local and national organisations involved in strategic commissioning in England. Data collection methods and approach to data analysis are summarised here and full details can be found in two reports which present the research in full (3;4).

Literature review
The review component involved a detailed search of national and international literature in order to distil key themes and issues in strategic commissioning. This involved seven different searches using multiple conjunctions of specified search terms including:

- Commissioning AND (strategic OR joint OR integrated OR outcome OR adult* OR children* OR local government services)
- Needs assessment AND (strategic OR joint OR holistic OR outcomes)
- Procurement AND (strategic OR joint OR holistic OR outcome OR integrated OR adult* OR children* OR local government services)
- Planning AND (joint OR care OR outcome OR strategic OR service OR user OR patient OR client)
- Procurement AND (Market management OR market development)
- Procurement AND (decommissioning OR disinvestment)
- Performance AND (commissioning OR strategic)

These terms were employed to search the following databases: ASSIA; Embase; HMIC (Health Management Information Consortium); Medline; Social Care Online; Social Services Abstracts; and Social Sciences Citation Index databases. Searches covered title words, keywords, subject headings and/or descriptors taken from the databases thesaurus. Truncation was also used in order to be as thorough as possible. We searched for literature published between 2004 (when the term commissioning started to gain wide currency) and March 2012, without language restriction. The retrieved references were entered into Reference Manager software and checked for duplication. A process of sifting was undertaken by the authors based on publication abstracts until a list of approximately 50 relevant publications were accessed in full. Rating and/or inclusion based on quality proved impossible as the vast majority of literature identified was not empirical in nature. Documents were selected primarily therefore on grounds of relevance.

**Interviews**

Semi-structured interviews were conducted with ten leading commentators and stakeholders in order to verify themes from the literature and to identify further lessons and recommendations. Interviewees were identified and recruited using networks of the researchers and the study sponsor, and included: senior local government figures; leaders of relevant national bodies, and; key researchers and policy advisors. Interviews were semi-structured and were administered by telephone using a topic guide developed following the literature review. Interviews were
approximately one hour in duration and were tape-recorded following consent from respondents. Ethical approval for the study was secured from the University of Birmingham.

Findings

The evidence base

From the literature review is was clear that there are few examples of robust evaluations of commissioning in the academic literature. Moreover, the grey and practitioner literature tends to focus on commissioning in single government departments, local initiatives or single services/client groups. It has been noted that the efficiency, effectiveness and efficacy of commissioning and strategic commissioning is typically taken for granted rather than demonstrated (5). Our review confirms this picture so that definitive statements of good practice based on empirical evidence remain elusive. As a result of these limitations, the findings presented here are accompanied by caveats relating to the strength of the empirical evidence base.

Outcomes

The evidence base on the outcomes of commissioning remains under-developed and such evidence as exists is equivocal. This is partly a result of a tendency to assess commissioning in terms of activities and outputs rather than developing clear aims and indicators of outcomes. Even where progress has been made in defining outcomes their incorporation into the overall commissioning process and in the associated performance management regime is still patchy. Moreover, it is still unclear how outcomes are being incorporated into the procurement processes subsequent to commissioning decisions. The implication of this for those designing and assessing commissioning arrangements is that a modification of aspirations is required. For example, a Policy Exchange (6) report on strategic commissioning recommends that commissioners accept less certainty about the link between a particular intervention and an outcome. In other words, strict models of evidence based practice in which innovations are only introduced when a thorough and definitive evidence base supports them may not be possible, as establishing this clear relationship is such an inherently challenging task. This is not to say that evaluation and evidence are not important but that evidence thresholds for action shouldn’t be set too high.

It was clear from stakeholder interviews that even those organisations some way through the process of implementing a whole systems approach had not resolved how commissioning outcomes were to be measured and evaluated. One interviewee described an organisational journey which had begun two years previously with some ‘broad brush’ agreements on shared outcomes across directorates and which remained a work-in-progress. Interviewees also acknowledged the challenge
of establishing causal links between changes to commissioning and service-user outcomes, especially in a context of service transformation and general upheaval which makes calculation of medium to long-term impacts difficult. This confirms a more general recognition that whilst the need for explicit modelling of the pathways to outcomes is now widely recognised, it is still undeveloped in many public services (7).

Despite these difficulties, interviewees indicated a commitment to an outcomes focussed approach:

“I think clarity about your overall aims and objectives and what you want to achieve is probably more important than a decision to do it through a strategic commissioning approach”

Shifting focus to outcomes had helped some local leaders to challenge previous simplified conceptions of commissioning as procurement or outsourcing, and this had helped to give momentum to subsequent structural changes. Retaining a focus on overall aims was seen as important throughout the programme of change, as was aligning these with other corporate plans and service frameworks. However, none of the areas consulted had made significant progress with regard to developing indicators for, and measuring performance against, intended outcomes.

Workforce

A common problem identified both by interviewees and in the wider literature is that the commissioning role – and the functions and competencies that it contains - remains relatively under-specified. Stakeholder interviews argued that an internal skills audit is a pre-requisite for determining capacity and capability. Perceived areas of weakness included: analysing performance data, conducting cost-benefit analyses and option appraisals, and drawing up appropriate contracts to manage an external provider for service areas that previously had been delivered in-house.

“Very often we’ve got some good data but we don’t really understand what it means so we need good analytical skills and we need a good understanding of the service-user journey.”

“People don’t know how to operationalise commissioning – they don’t know how to create a new market, how to do a deal that works commercially for them as well as their provider. A lot of problems and lost opportunities lie in this variable skill base.”

“Don’t assume that because you’ve given someone the title ‘lead commissioner’ that they know everything there is to know. Don’t be afraid to send people on training and to disseminate that knowledge internally.”
A key lesson from externally-commissioned development programmes was that these should be geared towards building sustainable in-house capacity. It has been suggested that to achieve maximum benefit, organisations should only use external support in a limited range of areas such as: long-term strategic development, the transfer of new skills into the organisation, the development of tools and processes, and to support structural and culture change (8). Naylor notes however that the use of such external support requires internal management capacity and capability to act on recommendations and to address subsequent organisational development and knowledge transfer issues. Stakeholders who had already begun the transformation journey brought in external support sparingly and often for specific technical tasks such as modelling processes and functions. Respondents also warned against “over-egging the pudding” by adding substantial costs to commissioning processes that are often not of sufficient scale or complexity to warrant this expenditure. A policy of “growing your own” in-house expertise was preferred, with external support reserved for instances where it was warranted by the scale and/or challenge of a particular commissioning process. The key expertise of commissioners was considered to reside less in technical input and more in areas of client and service expertise – i.e. developing a thorough understanding of what is available, good practice and client need – as well as co-ordinating the activities of more technical commissioning functions.

Relationships

Respondents noted the added value that could be gained by linking with providers to assist with service design and development, although this was seen as being dependent on sound information and intelligence capability:

“Developing relationships within organisations in order to collaborate is going to be really important, and also the relationship with providers is incredibly important.”

“You can go out to providers and say ‘these are the outcomes we want, these are the interventions that we know work. Come back to us on how you would design the service’. However, you need to have a tight grip on data and whether it’s appropriate, the local demographic profile and local information so that you can tie in your service specification with the outcomes you want.”

This co-design, while critical in embedding the knowledge of providers in service improvement, must be sought in ways which are consistent with EU procurement directives – this often causes obstacles at local level, where over-rigid interpretation has sometimes resulted in poor quality interaction and dialogue with providers. These relationships also have implications for the governance and
performance management role of commissioning. Effective governance and performance management was widely considered by interviewees to require a collaborative approach and a culture of openness and sharing – rather than a highly distant and antagonistic relationship between commissioner and provider.

“It’s about relationships of trust between providers and commissioners because providers can pull the wool over commissioners’ eyes if they want to and if that happens it won’t be until the wheels drop off that people notice anything.”

“Commissioning shouldn’t be as arms-length as people think. It should be very professional but should also be about developing trust and mutual information-giving.”

These relationships and orientations were considered to be a major determinant of success in ensuring required standards could be met. Adjustments to performance and data collection methods had also been made in the good practice examples identified but these were considered to be less of a challenge than establishing vision and stakeholder buy-in. Furthermore, interviewees were unanimous in emphasizing the importance of having a project management resource in the transformation phase of entering a whole systems approach.

Bovaird et al (3) note the importance of promoting a culture which embraces the actions, capability and aspirations of the local business, social enterprise and voluntary and community sectors, thereby encouraging and exploiting the synergies between the social responsibility objectives of these sectors and the objectives of the statutory sector. In this process they advocate moving away from hierarchical and prescriptive contractual relationships with service providers, both external and internal, to public value based relationships. One of the key lessons identified by stakeholder interviewees was the early and purposive engagement with elected members of local authorities on the rationale for adopting strategic commissioning and the clear articulation of the potential benefits of taking this approach:

“You neglect [elected] members and the political dimension at your peril. It’s important to get them to the same level of understanding.”

Interviewees noted that elected members sometimes had difficulty in thinking through the implications of strategic commissioning and sometimes operated with negative or over-simplified conceptions of the commissioning agenda. This, it was felt, posed potential risks in terms of public perception, which was considered to be heavily influenced by the perspectives and views of these elected members. One interviewee described a “breakthrough moment” when people across the organisation started using a shared language to describe commissioning.
Leadership

Stakeholder interviewees noted that many of the challenges they had faced related to the classic issues identified in the change management literature, with senior leadership understanding and commitment being central to a smoother transition through such transformational change. It was seen as important to clearly identify who the leader or leaders were for the transformation programme so they could act as champions and be a rallying point. One interviewee made reference to a “champions group” set up to oversee the change management programme, thereby building staff confidence and facilitating joined-up strategy across the authority, and collective responsibility for solving problems as these arose. The biggest challenge was identified as being cultural and required overcoming the natural defensiveness of people feeling uncomfortable about the changes.

“The problem comes when people just see it as a procurement process or as an excuse for outsourcing rather than high-level strategic thinking and decision making. The biggest need for awareness raising tends to be with [elected] members but also staff who see it as a threat or just another initiative that is really about outsourcing.”

Early efforts to engender understanding and support for the programme of change were generally seen by interviewees to have been worthwhile and where this had not happened councils were vulnerable to veto and resistance at the implementation stage. Building consensus was widely considered to require effective leadership, and political acumen was considered a key element of this.

“You need to overcome the fears and anxieties because if you allow yourself to get polarized you’ve got an even steeper challenge. We’ve had a whole range of workshops and seminars, organisational processes and senior management forums so that everyone is on the right page.”

“Good local authority senior managers understand about managing in a political environment. They need to understand about making sure there are parallel processes of getting [elected] members up to speed at the same time as staff.”

Interviewees noted that extra attention and resources may be required in areas without a history of in-house commissioning arrangements, for example contrasting social care with the introduction of commissioning into services such as environment, waste and roads. One respondent described a formal process of leadership development in which all of those in senior positions were assessed (by an independent agency) against a bespoke leadership competency framework and the results of this
assessment were used to inform individual development plans. Development of leaders was augmented by team training and development.

A key role of those leading change processes can be understood as ‘sense-making’ (9) and the development of a narrative of change:

“As a corporate team we have developed a narrative for the process. We have written this down and continue to develop it so we can convey that both formally and informally so we are drawing on the same set of ideas to explain what’s happening and where we’re going, and use that to update staff so they all get a consistent set of messages.”

Another council had re-worded its constitution to include a clear statement about commissioning and how it fits into the mission for the wider community. The importance of expressing the proposed arrangements in terms that were both easy to understand and directly linked to improved service-user and community outcomes was emphasized. Interviewees also noted the galvanising effect of central government pronouncements on the need for austerity at local levels and the impetus this had given for driving change.

Service-user and public engagement

The literature on strategic commissioning consistently cites the importance of service-user and public engagement (3). Interviewees echoed these messages, indicating that granting service-user networks genuine power over service design and resource allocation was likely to lead to better service outcomes. Public engagement was seen as most successful when conducted using a cross-departmental approach to avoid duplication and make best use of resources. The preference was for increased use of active, deliberative models over passive information dissemination.

“To understand communities you need to talk to them and talk to them in different ways. Are you trying to gather data, give information or have a dialogue? Or even co-produce – involve them in developing what you’re doing. Are you trying to reach out to specific groups? The channel you take will vary according to the purpose and the group.”

User and community co-production of public services provides a particularly intense form of service user engagement. Here, service users (and the communities in which they live) contribute resources and assets through the co-commissioning, co-design, co-delivery and co-assessment of public services (10).

Efficiency and cost savings
The promise of increased productivity and resource savings – for example through joint financing - is a key driver of strategic commissioning. However the evidence base supporting delivery of these gains remains poor. Goldman (11) notes that while joint financing is part of the overall vision of better integration, such arrangements account for only a small proportion of expenditure – 3.4% of total health and social care spend in 2007/08, the majority of which refers to pooled funds. She further notes that ‘specific, measurable outcomes are not often included in partnerships or joint funding agreements [and] any outcomes that are included are rarely subsequently monitored or evaluated’ (p. 6). The national picture does not show clear links between outcomes and the use of joint financing arrangements either. However, the continued importance of alignment was cited by interviewees:

“*What we’re doing has to dovetail with the health economy, with community safety, police and probation. Unless you do it with those partners you’re not going to make the big changes.*”

“It's hard because one of the risks is at a time of retrenchment people feel that partnership working is a luxury they can’t afford whereas the reality is it’s something they can’t afford not to be doing well now. It’s never been more important but it’s never been harder.”

Many interviewees were in the early stages of embedding new arrangements and so were not able to demonstrate efficiency savings. Furthermore, direct disinvestment in services remained a challenge for local councils and service replacement was generally seen as more achievable than service removal, especially as much of the “low hanging fruit” had been picked.

“*Like all local authorities we’ve been under the financial cosh for quite some time so it would be quite a surprise to find a service that it would be easy to close down!*”

However, interviewees noted that the move to strategic commissioning had helped service replacement and redesign to be presented in a positive light - i.e. as a way to maximise user and community outcomes rather than being associated with cruder notions of service cutting and/or outsourcing. Furthermore, interviewees were unanimous in highlighting the need to develop budgetary systems that reflected the forms of integrated, cross-cutting activities envisaged:

“If you’re going to do cross-cutting, strategic, integrated commissioning the money has to follow. In many places people are trying to do joined-up commissioning but the money is still sitting in departmental silo-based budgets and so there’s an organisational and financial pull back to the past.”
“You need a budget structure that is driving strategic commissioning rather than lagging behind it.”

Structures

There is no dominant model or blueprint for the structural design of successful strategic commissioning. Each example of whole systems commissioning identified through the interviews had developed its own structures and systems for discharging the commissioning role. In a minority of cases, system-wide commissioning had been developed incrementally, following small-scale integration initiatives in a process of review and gradual expansion. More commonly local bodies had embarked on a root-and-branch review of commissioning arrangements and designed wholesale structures and systems based on agreed models of strategic commissioning. Integral to all of the models identified was the perceived need to shift away from directorate or departmental structures towards cross-cutting and integrated roles, responsibilities and functions. Key diagnostic and preparatory work undertaken included:

- Reviewing current commissioning practices.
- Plotting timescales that would need to be aligned in order for a joined-up approach to be implemented.
- Assessing the commissioning language employed across organisational units in order to establish potential for confusion or miscommunication.
- Identification of outcomes as a prior condition of building structural arrangements.

Councils were at varying stages of implementation of subsequent organisational responses such as physical restructuring, allocation of staff, changes to budgets and finance, introduction of performance and competency frameworks and compacts between commissioning and delivery units. Many interviewees argued that putting these aspects in place was relatively straightforward when all stakeholders had signed up to the broad vision behind the changes. Where stumbling blocks had been encountered this invariably stemmed from a more deep-seated resistance to change or a lack of understanding of the general direction of travel. Interviewees also warned against the assumption that changing the formal systems and processes would in itself deliver an integrated and strategic approach:

“On paper we had an integrated service for three years but in reality they kept to strict service lines.”
“Be wary of thinking structures can be ‘right’ – It’s a journey. It’s about continually reviewing, not creating some idea that there is an endpoint that we will get to and it will all be done. It’s a very long journey and it’s more important to think ‘are we moving at the right pace?’”

One clear piece of advice was the importance of striking a balance between generating and maintaining momentum – to protect against drift and re-entrenchment – and giving large-scale transformations a realistic timeline.

Interviewees were asked to describe the process and criteria for setting commissioning tiers within their local authority bodies and across wider regions. In each case local arrangements appeared to be the result of both design and historical accident, and remained fluid despite the formal structural changes that were being implemented. However, collectively interviewees identified a number of criteria for determining the ‘tiering’ of commissioning responsibilities, including:

- **Scale** - the imperative to make best use of resources. In the main this was presented as an argument for scaling up the commissioning function where there was no strong reason for doing otherwise.
- **Localism** - a contrary strain in the thinking of local leaders was the need to pursue a localism agenda, empowering meso and micro level bodies (e.g. parish councils) to retain or take on commissioning responsibilities.
- **Outcomes** - an expert commentator advocated applying an outcome mapping model and setting commissioning levels as a response to this exercise. While this approach has a long history in strategic management and is now becoming much more common in public sector commissioning, it is often implemented in a careless or misleading way – outcome mapping requires both rigorous thinking about how interventions might lead to outcomes and careful evidence gathering so that potential pathways to outcomes can be prioritised (12).
- **Collaborative opportunities** - whether natural ‘partners’ are available.

A key point here is the need to adapt systems to be sensitive to local pressures, contexts and priorities rather than to import models that are perceived as having been successful elsewhere.

The structural challenges of integrating commissioning are magnified in the context of joint-commissioning across health and social care. A recent national study noted the lack of an empirical evidence base to inform joint approaches and emphasized the importance of establishing shared
Discussion and conclusions

There is much that can be learnt from the literature, expert opinion and the testimony of those who have implemented strategic commissioning. However, the paucity of formal evidence, allied to the requirement for strategies that are sensitive to local history and context means that a ‘blueprint’ for successful strategic commissioning is not currently available for adoption. We are therefore confined to proposing ‘design principles’ for those seeking to embark upon a transition towards whole systems, strategic commissioning (14).

In relation to people and relationships, our research suggests that these are of critical importance all the way through the chain from strategic commissioning to micro-commissioning. Most crucially, experience suggests that structural solutions alone cannot deliver effective relationships and will not be effective when relationships are neglected. Commissioning cannot be divorced from politics at local and national levels and this study has reiterated the central importance of the local political leadership function in determining the extent of programme success.

The need to ensure staff, partner and political buy-in suggests that relationship management and consensus-building are an integral component of the leadership role in moving toward strategic commissioning. Furthermore, in a time of rapid change, distributed leadership through the invention, testing and dissemination of emergent strategy (rather than simply planned strategy) becomes more important.

As with any major re-organisation, the move to strategic commissioning is essentially a change management initiative and therefore will stand or fall according to whether it adheres to good practice in the change management process. The evidence and experience presented here points to the particular importance of generating a critical mass of supportive stakeholders. Central to this, and to achieving commissioning outcomes, is the requirement for meaningful service user and public engagement. Effective commissioning emphasizes individual capabilities as well as needs, and community assets as well as deficits and problems, thereby providing the basis for a Joint Strategic Capabilities and Needs Assessment.

Interviewees were unanimous in their treatment of structures as servants of aims and strategies, rather than vice-versa. Adoption of strategic commissioning approaches is still at the developmental
and learning stage and arguably all structural arrangements should be regarded as similarly transitional. Local authorities would be advised to remain open to the evolution or reorganisation of their structures in light of ongoing evidence and experience.

Work is required to ensure the right balance and distribution of commissioning skills and competencies. It is important to note here that many of the skills needed for strategic commissioning may be found in partner agencies (including providers), so organisational boundaries must be seen as porous as the new commissioning/provider roles emerge and are refined.

Finance and incentive alignment are crucial to ongoing strategic commissioning and these should specifically align with outcomes as the latter are identified. Organisations that contribute to the achievement of multiple outcomes will expect funding streams to recognise and reward these achievements and this is arguably a major dysfunctionality in current funding arrangements which provide a disincentive for joint working.

Whilst evidence and evaluation are important, in a rapidly changing environment there are no clear-cut guidelines for success. The need for experimentation and flexibility can be encapsulated in the maxim: ‘fail early, fail fast and fail cheap – then learn and move on’. There is an important role for well-developed impact and economic evaluation to inform the commissioning and decommissioning of services.

Before the last change of government the UK had developed a more thorough approach to identifying quality-of-life outcomes than most OECD countries, and important measurement tools – such as the ASCOT framework – have been developed (15). What has not been possible, however, is development of a clear set of attributions – which interventions are most responsible for which outcomes. Evidence gathering and outcome modelling may be able to throw more light on the ‘attribute problem’ in the longer term. The concern however is that the decline of partnership working since 2012 and pursuit of single agency approaches weakens joined-up strategies for maximising outcomes. These national developments cannot be entirely mitigated through local action. However, our research suggests that local strategic commissioning for outcomes is best served by:

- Bringing together the different service traditions which exist within local authorities as well as across the local statutory sector so that commissioning provides a common platform for improvement and transformation.
• Providing a real purpose and meaning to that common platform by creating a shared and continuing understanding of community needs, committing to a single set of priorities and providing transparency of available resources across organisations.

• Moving to an approach which is driven by outcomes – from needs assessment through to delivery to performance review, at all stages managing expectations so that people understand the benefits will eventually outweigh the generally longer gestation period.
References


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