

Advisory Board Roundtable

The Partnership Handbook

What advice do you wish you'd been given when you first started out in partnership?

That's the question we asked the Socia Advisory Board and their guests at the end of the March 2006 roundtable. The board and their guests looked back at the most important things they've learned over the years - often the hard way - and wish that they'd been told when they started out.

Here we share the Advisory Board and their guests' 'Top Ten Tips' for a CEO, or indeed anyone, setting out on the road to partnership for the first time.

First things first

As we saw in the previous two parts of this edition of Comment, a pre-requisite for partnership is to be honest, brave, and transparent in one's dealings. A business leader who doesn't have the courage to put their cards on the table and have tricky conversations will find it very difficult to be an effective business partner, or to do any of the ten things our experts recommend below.

It's also worth looking at how well your company partners internally. If your IT department can't talk to the Strategy team, or the messages within your company are inconsistent, then you don't have the foundations you will need to sustain an effective external partnerships when the going gets tough.

As David Archer put it:

"You have to know your own house is in order before you partner with other people".

But with those pre-requisites under your belt, what are the most important things you can do, in order to ensure that your external partnerships are as extraordinarily successful as you want them to be?

Welcome to the Partnership Handbook...

"You have to know your own house is in order before you partner with other people."

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1: Identify the goal before choosing the solution

Step one is to identify exactly the issue that your business needs to solve, and the best way to do that - which may or may not be partnership.

The Socia Collaboration Index can help you decide on the best solution to your problem. At one end of the spectrum lie long-term, transactional, customer / supplier relationships; at the other end are symbiotic, close relationships such as business mergers and joint ventures. Partnerships strike the balance between mutuality and independence, with more long-term investment in one another than in a supplier relationship, but less cohesion than in a joint venture. To paraphrase a sporting analogy, the value in partnership is created in the space between the partners.

Gerry O’Hagan from Diageo put it succinctly at the board roundtable:

“[When] both parties can see significant future opportunities that neither can realise on its own [and] there is potential to create something new and different, you go beyond the transactional trading of goods and into a real partnership.”

(For more information on the Socia Collaboration Index, go to http://www.socia.co.uk/tools/collaboration_index.asp)

2: Find a partner you trust

An oft overlooked, but fundamental, requirement of a partnership, is being able to personally trust your potential partner. You have to be sure that they are being honest about their motivations for partnering from the word go, but therein lies the Catch 22 of the situation. Before you are really ‘in’ a relationship it’s difficult to know when someone’s being honest, and yet this is the very time when you are deciding whether or not the two of you have a future together. When exactly is the right moment to trust your potential partner?

As Julie Baddeley put it:

“It’s difficult to get people into the room, before a contract is in place, to talk about what is really possible. [It’s] hard because until the partnership is established people don’t want to enter into those sort of conversations.”

Is there an answer to the riddle? According to the board knowing whether or not to trust is something you learn, through experience, maturity and instinct. The short cut, however, is to partner with a company you already know and trust through years of reliable, dependable, honest transactional dealings.

3: Choose a partner who can partner

It’s critical to know that your partner can and will deliver on their promises both now and in years to come; that they can and will grow, increasing their capability to meet challenges, as the partnership evolves.

“I look for evidence of a capability to understand what my challenges might be in years three and four.”

“If you don’t know what your partners are really trying to achieve... you’re doomed to failure from the start.”

Both partners must know what is needed to partner successfully, discuss both parties’ capability to do that upfront, and understand what the future aims of, and challenges facing, the partnership may be.

John Yard shared his words of wisdom:

“I look for partners with the capability to give me what I asked for, for the first year or two, then look for evidence of a capability to understand what my challenges might be in years three and four. I want to have confidence they can deliver today, and that I’ll be able to have profitable conversations about the future, when the time comes.”

4: Choose a partner with whom you’re aligned

In the best partnerships, both parties know ‘what they stand for’, and know that their brands, values and working styles are aligned - they complement one another, rather than undermining one another’s credibility. This means you can choose potential partners wisely, to ensure that both parties’ reputations are strengthened by the alliance.

As Kate Nealon said at the roundtable:

“Knowing what you stand for dictates with whom you partner. Some financial institutions (such as those who call themselves a ‘Local Bank’) would never outsource to a call centre on another continent, however financially attractive it appeared.”

Similarly, aligned styles and ways of working are vital, from transparent communications to straightforward dealings. The Tools areas of the Socia website contains a number of materials to help you and your potential partners ensure you’re compatible

http://www.socia.co.uk/tools/partnering_performance.asp

and http://www.socia.co.uk/tools/organisational_partner.asp

5: Know what success looks like for everyone

This is true at both a corporate and an individual level; mutual value doesn’t mean the same value for all parties - you need to understand what a win is for each partner and how significant it is for them. That means knowing not just what they’re promising you, but also what they’ve promised their stakeholders.

At a personal level you need to know what people are bonus on and what partners are incentivised to do. Once you’ve got all of this information, you can test levels of compatibility between partners.

Julie Baddeley put it plainly:

“If you don’t know what your partners are really trying to achieve - what they’ve promised to their Board - you’re doomed to failure from the start.”

“Trust starts with giving the customer what they ask for, time after time; from there you need to talk about what is possible in the future.”

6: Start building trust with reliable transactions

The first step in putting the positive intentions of the partnership into action, is agreeing the immediate things that need to be done to build trust, and get the partnership on a stable footing. You can't leap into a long term trusting partnership without first proving your partner's ability and intentions, and having evidence of reliable delivery. It's also vital, however, to be able to articulate and agree on the longer-term aims, goals and ambitions for the partnership. Partnerships are easier to enter than they are to leave, and the long-term nature of most partnership contracts needs to be seen as an opportunity, rather than a threat.

This is, indeed, often the point of partnership; the very fact of being in a partnership can produce opportunities for the future that wouldn't be available to the individual parties involved. As long as they're discussed at the right time and in the right way, both long and short-term success can be maximised.

As Alison Grant put it:

“Trust [starts] with giving the customer what they ask for, time after time; from there you need to talk about what is possible in the future.”

7: Know the risks, and put them in the right hands

Assessing the risks inherent in any business contract is key to its success. It's then a case of deciding who is best placed to manage them, and ensuring that they do just that.

One has to be able to assess which party has the most knowledge about, and experience in, each area of risk, and is best equipped to deal with it.

John Yard asserted:

“Every solution carries risk. The CEO must understand the different risks around the different options, be able to work out which risks their organisation is best placed to manage, and which they should pay someone else to manage.”

8: Get the balance of power right

That doesn't necessarily mean 50 / 50. It does mean, however, that you can't expect a partnership to work if one side is funding it all, and therefore has its hands on all the ropes. It's vital that the balance of power enables all parties to make their voices heard at the appropriate time.

As Simon Pilling from Capita said:

“Public private partnerships can never work if you expect one side to fund the deal; if one party has control of the finances it creates problems through imbalance of power.”

In a successful partnership there will be governance in place to ensure that the smaller players don't get drowned out by the bigger parties, at the very moment that their input (however small or large it may be) is key to achieving the partnership's goals.

“Dealing with problems needs to be recognised as part of the process, and planned for in advance.”

“You have to be willing to travel to meet the other side, to see the whites of their eyes.”

9: Expect the unexpected

As we saw in the previous part of this issue of Comment, planning for the unexpected is by its very nature a tricky business. However the best partnerships are honest, from the word go, about the likelihood that things will at some stage, inevitably, go awry.

The wise CEO anticipates hiccups; they will encourage discussion with their partners about what could go wrong, and how they'll deal with it, ensuring that both parties have an exit strategy and a plan B. It's a bit like a business pre-nuptial agreement. Preparing for the worst enables you to hope for the best, knowing that both parties have the best chance of coping - even benefiting - when fate throws a spanner in the works, or things don't turn out as expected.

To quote Julie Baddeley:

“Dealing with problems needs to be recognised as part of the process, and planned for in advance.”

10: Take time to build relationships

True partnership is based on mutual investment. It's about meeting immediate, short-term needs, but also about sensing the future value that can be created. Neither party may yet know what the future holds, but a good CEO will have a hint, a hunch, a spark of possibility that makes it worth investing in one another's capability and success.

To get to that stage, where you're truly investing in a shared future, building relationships is fundamentally important. Even at the highest level, says Charles Jamieson, personal relationships are vital:

“As a CEO you have to be willing to travel to meet the other side, to see the whites of their eyes, and not leave it to subordinates.”

As with all relationships, a great partnership takes time and effort, but the more you put in, the greater the rewards that you reap.

Find out more

For more tips, tools and resources to help you ensure your partnership is as successful as it can be, go to www.social.co.uk

Your Comment

If you'd like to add your own Comment to any of our thoughts about partnering governance, we'd be delighted to hear from you. You can get in touch at info@socia.co.uk and, with your approval, we can publish your Comment on www.socia.co.uk.

The Socia Advisory Board

The Socia Advisory Board was established to extend the reach of Socia's partnering experience and to pool knowledge of the range of partnering challenges faced in public and private sectors.

Julie Baddeley, an ex-consultant who has held executive and non-executive board positions in FTSE 100 companies, the Department of Health and the Department for Work and Pensions, chairs the Board.

The other members of the Board are:

Charles Jamieson, until recently CEO of Premier Oil.

Kate Nealon, non-executive director of HBOS, Cable & Wireless and a member of the health regulator, Monitor

John Yard, who created several large-scale outsourcing partnerships as Head of Information Technology at the Inland Revenue,

plus **David Archer** and **Alex Cameron** - founding Directors of Socia.

The Board advises Socia and its clients on partnering issues and has regular roundtable debates where it brings together a range of people with different experiences of partnering to debate a topic of mutual interest.

On 2nd March 2006 the Advisory Board's guests were:

Alison Grant from Microsoft

Mark Camley from The Royal Parks

Simon Pilling from Capita

Jason Harrison from Pfizer

Gerry O'Hagan from Diageo