
When Times are Tough, Check Your Partners Measure Up

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Abstract

Across the public and private sector leaders are betting the future of their businesses on their ability to work in partnership and deliver results across boundaries. For example, much of our national infrastructure is being rebuilt and maintained through a complex set of public-private partnership contracts, and most household brand names now rely on networks of supply partners for large parts of their component manufacturing and assembly. Through our own work as consultants, and through the quantitative research we've carried out with IPSOS Mori and the many dozens of interviews we did in researching our book on collaborative leadership, we have seen that ineffective collaboration wastes time and money. So when times are tough, leaders need to be highly selective in where they put their partnership effort. This article outlines some techniques to help focus leaders' effort on the relationships that matter most.

Over the past decade the cause of partnership and collaboration has become popular with leaders across a range of public and private sector organisations. Now we are in the grip of a global recession and employees, shareholders and voters are all calling for leaders to look after their particular sectional interests – and the pressures this brings to bear will test whether this interest in partnership and collaboration is anything more than fashionable window dressing.

The issue of partnership really matters now. In the UK we are betting the future of our public services on our ability to make PPPs (Public Private Partnerships) work. At the same time, many international corporations are investing their reputation in their ability to collaborate with a worldwide network of suppliers - some of whom they may never even meet face to face. The biggest issue of all, perhaps, is that we are betting the future of the planet on the ability of the leaders of nations to work together to tackle global problems such as terrorism, the current financial crises and climate change. So the stakes are high and these relationships are critical – however ineffective collaboration wastes a great deal of time and money.

This paper argues for a new, measured consideration of the depth and breadth of collaboration that is required in any relationship between the leaders of different organisations. We also provide a list of criteria to check whether your partners really will measure up or not in these turbulent economic times.

The Limits of Togetherness

Entering any kind of partnership as a leader means you're going to need to collaborate. But just how much collaboration do you need, and when? People may be attracted to the idea of working in close collaboration with their partners, but if you try to manage a partnership as you would a directly-employed team, you will quickly run into problems. On the other hand, if you treat a partnership purely as a transactional relationship, where you are the customer and

your partners are the suppliers, that is exactly what it will become – and you will miss out on the potential value that could have been created in the space between the two organisations.

Work Out Where You Stand

We have developed a simple tool called the ‘collaboration spectrum’ to help leaders categorise the kind of relationship they need at key points in a partnership. This might be at the outset of partnering, when the relationship is forming and both sides are trying to decide how close they want to get to each other. Or it might be when a partnership is struggling, and one side or the other feels that their partner is not living up to their expectations. With the help of a tool like the ‘collaboration spectrum’, you can plot the characteristics of each relationship at a moment in time, examine how those characteristics are likely to change in the future, and explore where the relationship needs to be in order to deliver its business goals.

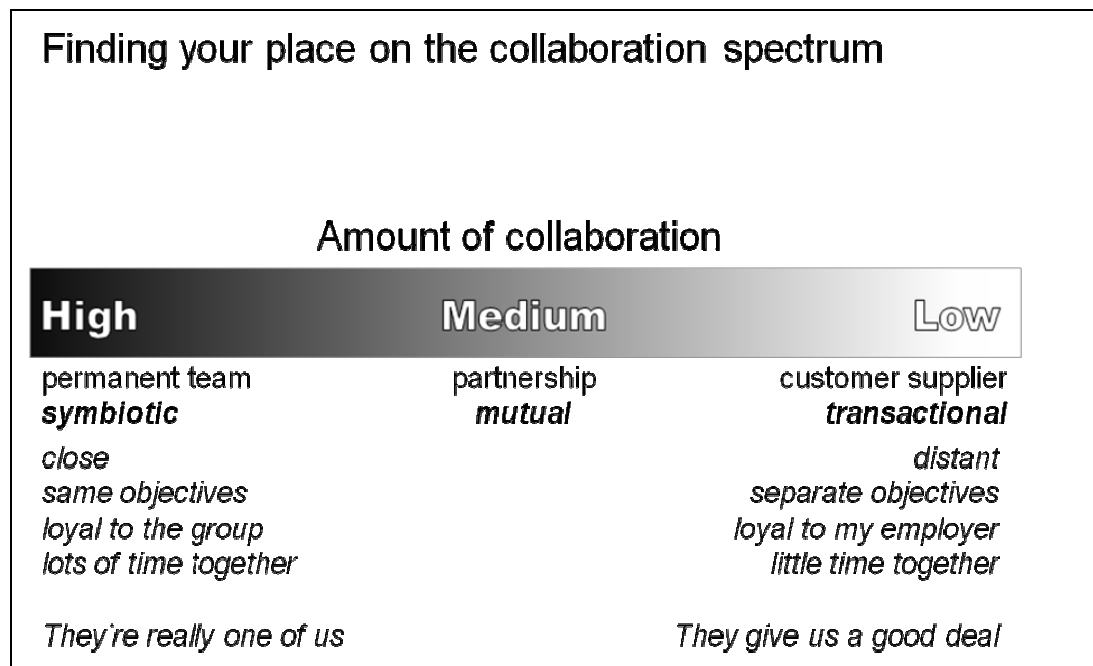


Figure 1: The Collaboration Spectrum

Our interest here however is that the exercise itself of working out your position together on a continuum can help resolve initial differences in perspective and approach. Often it is the debate generated from this process that is of the most value. We have found it useful in stimulating conversations between parties that begin to answer some critical questions, such as:-

- How much does each party want to collaborate? Do they want to operate as independently as possible or to interact closely?
- Where do parties disagree about the ways of working?
- Are there potential areas of conflict that are easy to predict?
- Are the answers to the first three questions driven by an understanding of the needs of the joint enterprise or by the preferences of each of the partners?

The first mistake: 'one team' rhetoric

Imposing a 'one team' ethos on a complex partnership can seem appealing on the surface. With many of their models adopted from sporting or military environments, the leadership of teams can have heroic, do-or-die overtones. For these teams, performance depends on each of the members working in highly integrated way. People rely on each other and often cannot play their own role without the support of the rest of the team.

The vision of becoming a 'high performance team' is often talked about within organisations, and many groups aspire to this vision in their cross-organisational relationships as well. But the truth is that a partnership is not 'one team' – individuals must respond to the needs and pressures of their own 'home organisation' as well as the partnership. Pretending to be a team can be misleading at best, and at worst dangerous and damaging to morale.

Using 'one team' rhetoric when in fact you have separate reasons for entering into the partnership may also mask important differences in culture and approach. In particular it can prevent people from airing problems early and could store up conflict for later on. Partnerships should not be about ironing out difference or simply pretending it isn't there – the last thing you want is to be clones of each other. In fact the most fruitful partnerships will tap into the different skills and approaches to create something that goes beyond the individual players' capabilities.

The second mistake: transaction-like control

Seeking simplicity by trying to drive a partnership to work at the transactional end of the spectrum is not a recipe for success either. Much has been written about supplier relationship management (SRM)ⁱ, but these texts all tend to focus on automated techniques for handling many hundreds of commodity suppliers and so do not really apply to partnership situations where you have to manage a small number of long term interdependent relationships. As a powerful customer, treating your partners as a string of independent suppliers may seem attractive, but can result in each party simply doing what they are told, nothing more and nothing less.

Equally, specifying the processes and procedures of a partnership too tightly can choke a relationship if in fact there are multiple points of interdependence. Our own research shows that although to date most managers of Public Private Partnerships have concentrated on formal governance and tight contracting, they now see that this is not where future increases in performance will come from.ⁱⁱ Although the urge to control is understandable, it can cause frustration and resentment, and may even encourage subversive game-playing behaviour. In

the end it is likely to lead to a blame culture, with each party pointing the finger at the other for poor performance.

The same risk – that of seeking to apply too much control - is true in mergers. When a small company is taken over by a large multinational, for example, the temptation is to absorb the small business into the culture and corporate processes of the larger player. All too often the value of the smaller business is lost as morale dips, creativity declines, and key players leave.ⁱⁱⁱ In the end the value of the merger is lost. This is a particular issue now as companies are drawn together to achieve economies and weather recessionary forces.

In both cases, opting for a simple operational model at either end of the collaboration spectrum can destroy the potential value of the partnership. There is no simple rule of thumb – leaders have to embrace complexity. Most partnerships contain elements from both extremes of the scale, but actually sit somewhere between them. Within the broad expanse of mutual partnership, different relationships require different degrees of collaboration. As a collaborative leader, you shouldn't rush towards straightforward models of team working or transactions. You need to get comfortable with 'shades of grey'.

Be Selective About Whom You Collaborate With and Why

When you are working with many different partnerships at one time – as we know is the case for many leaders – you cannot afford to collaborate closely with everyone. It is expensive and often it is downright counterproductive. So you need to get selective.

Take, for example, the case of a government department charged with encouraging people to save for their retirement. The department cannot do it alone – it needs partners from both the private sector and the third sector. It will also have to work closely with other departments – not least the Treasury. Finding the external partners is not difficult, but sustaining the right relationships over time definitely is, because suddenly everyone wants to talk to the department.

Keen to develop close relationships, departmental officials are concerned to find that all their time is swallowed up in endless partnership or stakeholder meetings. They do not have a map of what all these relationships are really for or how to get best value from them. It is high maintenance and it requires a high level of communication – often to no purpose. Meanwhile the private and third sector partners are becoming more and more dissatisfied because they do not feel their views are being heard. Quickly it becomes clear that the 'one team' approach is unsustainable.

Finally the department realises that 'one size fits all' will not work in managing a complex set of partnerships like this. Each relationship needs a different amount of collaboration and a different approach – for example, more junior officials can attend the meetings with the smaller third sector organisations. Use of a tool like the collaboration spectrum helps them negotiate the right approach with each partner – and in turn manages those partners' expectations of airtime with the department.

As a collaborative leader, then, you need to exercise discretion. Each partner will not necessarily require the same level of investment of time and effort – and should not be given it. You need to select where it will be most beneficial, and put your effort into building collaboration only where you get the best return.

The Collaborative Leader's Checklist

As we have seen, indiscriminate collaboration does not help a partnership. You need to choose where to focus your efforts on collaborating, and where to back off. The following questions can be used to help you determine just how much effort to give each partner:-

- **How certain can you be of the outcome?** Can you define the product or service you require clearly? And are you confident that your potential partners are fully capable of delivering it with little help from you? If so, then high levels of collaboration are a waste of effort, and you will often be better advised to go for a productive customer/supplier relationship driven by a clear contract. In a longer-term situation where the product being delivered is dependent on contributions from many parties, the investment in higher levels of collaboration may be justified. Do you and the other parties have similar assessments of the needs of the situation?
- **Where does your partner think you are on the collaboration spectrum?** Do the other parties involved assume that you will operate either in a highly interdependent or highly contractual manner? What are the signals that you and your organisation are sending to your partners about the type of the relationship that you want? Are the assumptions made by your partners explicitly stated or are they implied? What evidence do you have for your assessment? And are the demands of others realistic given the objective of the relationship and the other pressures on you?
- **What is the direction of travel?** How are the demands on the relationships in the partnership changing, and how might you need to change to meet the future needs of the situation? Instead of aiming for a close relationship at the outset, it can be better to start with lower levels of collaboration, until all parties prove they can deliver. Demonstrating that partners keep their promises helps to build high levels of trust, which, in turn, help enable the parties to collaborate more closely.
- **What will help you get there?** What processes, organisational structures and ways of working will inhibit your relationship from developing? What will enable it? If you want an effective contract-driven supplier relationship, then this demands a particular skill set and is likely to be distracted by a series of 'team building' meetings! Building relationships requires skill and the right attitudes along with the right structures and processes. What needs to be developed to help create the relationships that are required? And is this realistic?

- **What have you learned from past relationships?** Have you worked with this partner before? Does this situation require the same or a different level of collaboration, from past experience? What about your own style when it comes to cross-organisational working – do you tend to work more effectively in close highly interdependent relationships or in looser more distant relationships? What is most challenging for you in working with others? And when do you need to challenge yourself more in order to get the most from a relationship?

The challenge for leaders is clear – at its most basic collaborative leadership is about delivering results across boundaries. And to get results from collaborative relationships you need to be prepared to share control, find common purpose with your partners and be ready to handle the inevitable conflicts that will arise over the lifetime of the relationship. This may be easy to say but it doesn't come easily to most leaders. Collaborative leadership capability can be developed but that development takes time and effort from all parties.

A big message from this article is that leaders should prioritise where they make this investment in relationship development. Building and sustaining a partnership carries an overhead – it is one that is easily justified when the benefits are large (or more often when the risks of not working in partnership are too great for any one party to bear).

The techniques described above^{iv} are a first step in helping leaders to analyse a range of relationships and decide where to focus their time and effort. Once clear on priorities the real work of collaboration begins.^v

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- ^{iv} Expanded in: Archer, D & Cameron, A (2009), *Collaborative Leadership: How To Succeed in an Interconnected World*; Butterworth Heinemann
- ^v David Archer and Alex Cameron are Directors of Socia Ltd, a specialist partnership consultancy (www.socia.co.uk), and authors of the book 'Collaborative Leadership – How to succeed in an interconnected world'