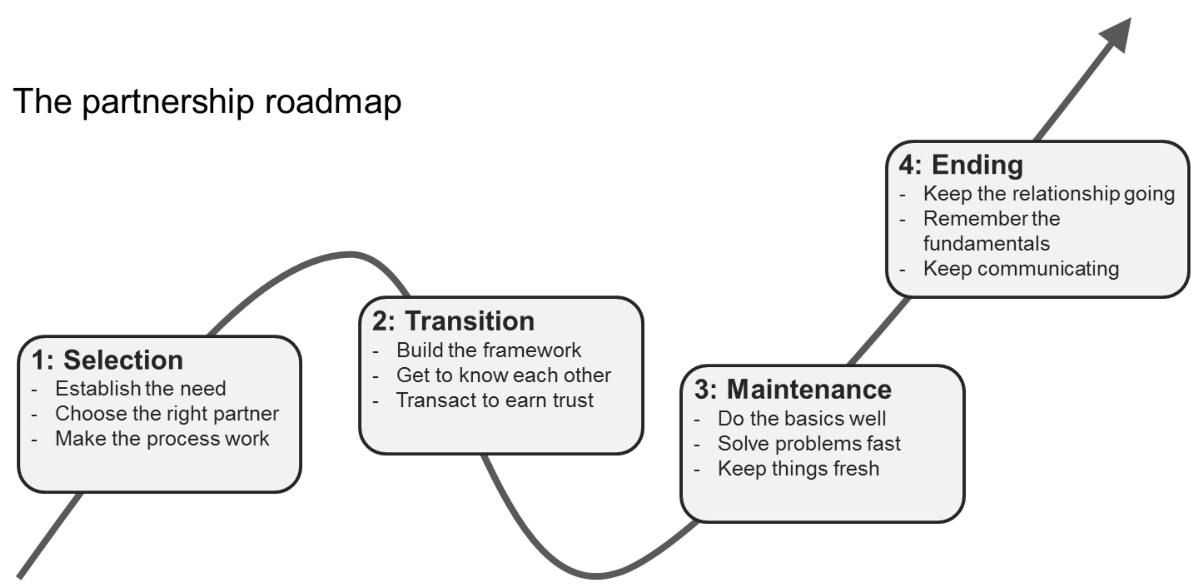
Essentials of collaboration

Episode 4: A roadmap and a measurement compass

The fourth and concluding episode of this series on the Essentials of collaboration pulls together a number of elements from the previous three episodes and describes the lifecycle of a particular sort of collaboration – a contracted partnership. It then discusses different ways of measuring progress through the twists and turns of a long term relationship.

Any successful partnership is not static but is a journey made up of distinct stages. As you progress through the stages, the behaviour of people within a partnership will change. So before you set out on a new partnership it is important to think ahead to the different stages you are likely to go through and what would be needed to make and to measure progress at each stage.

If you've been through plenty of joint ventures, public private partnerships or alliances already, the basic flow of the four stages we describe – selection, transition, maintenance and ending – should be familiar to you although many different names are used in other partnership methodologies to describe them. The Measurement Compass we describe on page 8 is simple way of visualising a balanced way to track progress by looking at different aspects of a relationship as it matures and travels along the roadmap.



Stage 1: selection – fit for the future

Selecting a partner and cementing the relationship can seem like an end in itself. But a partnership is considerably more than the initial deal. The early selection process should look not just at current fit but whether the relationship can go the distance. And while partnerships aren't for life, they tend to last many years, so chose the partner that you NEED in the long term not the one that you WANT for expedient reasons.

Establish the mutual need

The first step in selection is to understand the true nature of the mutual need. All parties should know what they stand to gain from a relationship and what each party can contribute towards it. Even more importantly, they need to understand where the real value additional is in the relationship and how it is created by combining capabilities across the partnership in ways they no one party could do on their own.

Choose a partner you can work with

You need to know your own organisation thoroughly before being able to partner effectively – and you need to know how good you are at working with others who are different from you. Much of the value of a partnership comes from the creative combination of different skills and different ways of looking at problems. But if you choose a partner who is too far removed from you – particularly when it comes to values and beliefs it may be impossible to work with them. If you want to change the world, there's little point in entering a partnership with people who only want to change their bottom line. So look at your own values and the economic drivers, then discover if there is a match with others.

Don't let the selection process ruin the relationship

The process of selection and the way it is run can set the tone for much of the early days of the partnership. A selection process that priorities lowest cost options, and has evaluation methods that focus on a sceptical analysis of supplier proposals aren't likely to be a good foundation for a high trust partnership. There are encouraging signs of these less adversarial selection methods coming into use in the most high profile of projects. When the government was looking for a key partner to manage the construction of the London 2012 Olympics site, it ran an assessment centre for bidders to rate them on a wide range of criteria including collaborative leadership capability. The purpose of this approach was to 'dispel the misconception that bids will be won on lowest price alone' – and the success of project is an example of the value of the approach.

Stage 2: transition – suspend judgement

In the transition stage – the vital first 100 days – partners have to learn to work together instead of merely bidding for a contract together. It's easy to erode the value of a partnership for good in these early days, and getting this stage wrong is a prime reason for the failure of many contracts.

Nonetheless, you can't expect the partnership to work from day one – the transition phase is characterised by things going wrong – or what one of our clients call "the expected unexpected!" The key to managing here is not relying on perfection from your partners, but being able to put problems right fast. There is likely to a be a performance dip in the first few days as people get used to new ways of working or reporting relationships.

Getting all parties to understand and buy into the overall transition plan and the implications it will have for performance at different times is an important task in the early days of a new partnership.

Build the framework

Early actions have long-lasting impacts. So it's important to avoid rushing the bonding process in a new relationship. This is absolutely not the moment for formal team-building, and at this stage you don't know that taking a one-team approach will be the right answer anyway. Instead, get the structure right. Use this time to set up the relationship properly and jointly define governance processes, the measurements of performance to be used throughout the partnership, escalation procedures, communication plans and so on. The three legs of Governance Operations and Behaviours (see episode 2) are the foundations of any partnership framework.

So create a joint 100-day partnership plan. Identify champions within each business to support the partnership. Work out the ground rules for compensating each parent organisation for contributing specific services to the partnership. Go through the contract with a fine toothcomb and pick out the incentives and disincentives to what you're trying to achieve – and start ironing out the disincentives. Above all, don't try to be too close too soon – but build trust by delivering early promises.

Get to know each other

The social / informal ways of learning about each other are very useful at this stage. Teams on one side should meet their opposite numbers (without having to perform tasks or play games). Inductions should be arranged for anyone joining the partnership who hasn't been involved earlier. And as far as possible down the hierarchy, individuals should get a chance to meet their counterparts within the partnership.

It's also worth incorporating more formal methods of understanding each other's culture. Transition is a useful opportunity to take a baseline reading of each party's organisational character (see episode 3) in order to understand strengths and weaknesses on either side and to work out how best to collaborate in the future.

Show what success looks like

Another useful activity in these early days is to find a number of pilot projects in non-critical areas where you can get teams working across boundaries to learn lessons in collaboration in a relatively low-risk environment. Pilot projects allow you to notch up some quick wins, not only in terms of delivering results, but also in understanding each other's processes and culture and in building interpersonal relationships that will be invaluable as you move into a steady state.

Finally, make sure everyone understands when transition is over. Transition is a countdown. It shouldn't drag on – people need a definite end point to work towards. They need to gear up to full-scale measures. And everyone has to understand that after this point, the real business of partnership begins.

Stage 3: maintenance: keeping the machine running – and improving

The third (and usually by far the longest) stage of a relationship, is where you drive out the real value – fulfilling financial and productivity measures, rising to new challenges and taking advantage of the opportunities that come your way. But amid the rush to realise the objectives of your collaboration, you also need to remember to maintain and nurture the longer term relationship. Success in this stage is all about building a culture of learning and continuous improvement across all parties. This can be supported by the use of the systematic approaches outlined in EQFM or other quality management standards or the UK standard for collaborative business relationships BS11000. But despite its title BS11000 doesn't really address the behavioural aspects and leadership dynamics of a collaboration and without this focus on the human element of a relationship can only ever be part of the answer to maintaining and improving performance in this stage.

Do the basics well

After the first 100 days or so partners should have settled down into their roles, recognised each other's competencies (and deficiencies), and begun to get used to each other's different ways of working. Now you need to get the fundamentals absolutely right, honing governance, systems, and behaviours to make them work as well as they possibly can. Look at things like the joint risk register – does it sit in a drawer for months, or does it reflect the reality of the partnership and give early warning of the things that matter? Are the escalation procedures being used? And are partners still gathering all their own information or are they sharing one set of data?

Tackle problems fast

Problems will of course continue throughout the maintenance stage – and they may get considerably bigger. The obvious issues are productivity failures – one or more parties may miss a milestone, raising the spectre of penalties and all the resentments they can cause. Other problems may be less overt but more invidious. For example, poor decision-making, mismatches in how you measure progress or define success, a general lack of trust or faith in the future, or even a relationship breakdown between individuals. All of these need to be addressed – and it takes confidence, tact and firmness to deal with them effectively.

But when things go wrong, go back to the fundamental framework of the partnership and check that it is all sound. Is the governance sufficiently robust? Are escalation procedures well defined and used when necessary? Have all parties aligned their systems and processes? Are measurement processes well-defined, understood by all, and forward-looking as well as retrospective? And is behaviour – either individual or organisational – getting in the way of your goals?

Keep things fresh

The maintenance stage is very different from the heady early days of a partnership. It's about getting on with the job – and some people will inevitably feel that the job has already been done. As things settle down, people become complacent, and leadership gets delegated down the hierarchy, deputies appearing at meetings, and constant changes of face.

Everyone needs to work hard throughout this stage to keep the energy high, identifying ways to implement day to day performance improvements, and to keep renewing relationships within the partnership. Running regular health checks on the quality of the relationship – including detailed perception data – is essential. As the partnership matures, the potential problems are less obvious and you risk being taken by surprise, perhaps by something that didn't even feature on the risk register. Even more important is keeping your ear to the ground, and regularly asking your subordinates about what worries them.

You also need to respond to changing circumstances, and be alive to both risk and opportunity. Key people will change and new people need to be inducted into the partnership. Political, legal or regulatory changes may force a rethink of strategy. The business environment may alter dramatically. In every case the partnership needs to be prepared and poised to act. Whatever happens, it's important that the whole partnership understands the new climate and the possibilities it offers. Run one-off events to involve all parties in re-setting the strategy to take account of the changes, and make sure you communicate the new direction to all stakeholders.

When change happens, you need to rely on the relationships you've built. Close personal relationships, with your opposite numbers within the partnership and with other stakeholders, will come into their own and increase your flexibility in responding to change. When something happens, the leaders of the partnership need to have a good enough relationship with their opposite numbers to ring them up, jump on a plane if necessary and do what it takes to find a mutually acceptable solution.

Stage 4: ending: don't burn your bridges

A collaborative business relationship doesn't last for ever, and many have an inbuilt end date. Skill in handling endings may often not be seen as being as crucial as getting the launch right, but it's nonetheless important. Sometimes a partnership drags on without a managed ending long after it's ceased to create value. Sometimes you need to re-tender to inject new life into the project or re-set its direction. And if a partnership truly isn't working, you have to walk away from it. Whatever the ending, remember that it's a small world – and you may end up working with the same partner again.

Re-tendering a contract: keep the relationship going

When a contract approaches its end, but there's still the need for a future partnership, it's time to re-evaluate existing relationships and learn the lessons. Leaders need to assess what has worked in the partnership and what hasn't, and determine what they would like to change in the new contract, whether they intend to switch partners or not. This assessment should cover not just productivity and performance, but how the process worked, which skills were needed and which were in short supply, how leaders performed, and how cultural difference and communication was managed between partners.

The problem of course is that this is a difficult time for the incumbent. It's important for the lead side to maintain a strong relationship with their partner throughout this time – if the relationship is suspended because of procurement obligations, it will be hard to rebuild it later. Don't destroy the open communication you've developed over the course of the partnership by suddenly closing down and refusing to share information in deference to unwritten rules. Above all, don't bad-mouth your partner to other organisations tendering for the contract.

It's also important not to get distracted by the new contract. Create specific governance for the tender in parallel to the partnership governance, so that leaders keep focused – they need to be highly involved in concluding the old relationship, particularly during a handover period. Be clear about accountabilities, and don't leave it to chance that the outgoing partner and the new one will work collaboratively. You need to incentivise collaboration to make it happen – not only through financial incentives, but by building pride in a job well done.

Job done – remember the fundamentals

Many partnerships have very specific and time-limited deliverables and so come to a natural end. A new hospital gets completed. An aircraft is finally built. A contract runs out. Even if a new contract is to begin immediately afterwards, all alliances need well-managed conclusions. The last thing you want is for performance to fall away as people take their eye off the ball.

In the final months and weeks, everyone needs to understand exactly what needs to be delivered before the close of the project and what they are accountable for. The relationship should become more transactional again, with each side getting on with their list of deliverables.

Even though the end is visible, you can't afford to neglect the basics. You need fast decision-making, and specific, detailed communications throughout. You're likely to have to spend more time on governance, not less. And you should avoid disengaging from your partners too soon – keep the relationship open and direct.

Finally, as the end of the project or contract approaches, you also need to build in time to identify the learning before everyone goes their separate ways. This should embrace not just technical issues, but what you've learned about behaviours and handling conflict across the partnership.

Forced endings: keep communicating

Unfortunately, some partnerships will end in difficult circumstances. Disasters happen – businesses go into administration, stock markets crash, companies merge or get taken over – and all can have fatal consequences for partnerships. And sometimes the problem may be in the choice of partner: if there's no way of reconciling opposing objectives or conflicting values, you need to part company.

When disaster strikes, this is the time for sober assessment before taking action – fast decisions are usually ill-advised. And the reality is that partnerships usually take a long time to disentangle.

Many individuals who have been through these situations consider that it is crucial for leaders to hammer out a preliminary solution before resorting to legal niceties.

You're also likely to need changes of governance to address the demands of the new situation. Level-headedness is important: rather than rushing around to little purpose, exert control by re-setting the relationship, for example by getting leaders from all sides together on a weekly basis with a new remit.

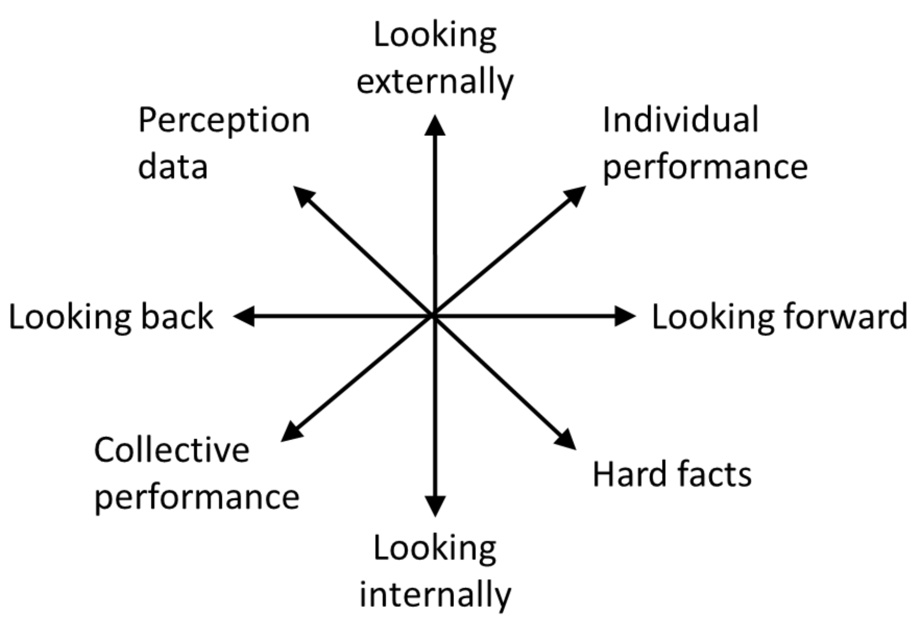
Finally, communicate more rather than less throughout the break-up. You need to get stakeholders on your side to support you through the difficulties, and if you've built up a network of strong relationships within and outside the partnership, this investment will pay off in a crisis.

Measuring progress at different stages in the roadmap

So we have seen the four key stages of a partnership. It's all very well to map these out, but how do you measure progress, assess which stage you are and make decisions about where to put effort maximise returns from that relationship in future. Choosing the right measures for gauging progress and focusing future effort is critical to the success of a partnership. Recognising that traditional output measures are simple but flawed is the first step. The next is to understand why you want to measure in the first place. Are you doing it because you don't trust your business partner? (If so, think carefully about why are you entering into a relationship with them!) Are you trying to improve your partner's performance, or simply confirm a prejudice? Or are you developing a measurement system just because the contract or an external body tells you to?

Assuming that you are trying to understand how the partnership performs and to predict future needs or problems, you will want to look at individual and collective performance, hard facts as well as people's feelings and perceptions. To do all that means looking in several directions at once. In fact, we think there are 8 directions that an individual managing a complex relationship needs to be looking in – and to help visualise this we've laid them out as on a compass in the diagram below.

A measurement compass



The eight directions that the measurements of a relationship need to take account of are:

- **Looking forward as well as looking backwards**
  As well as asking whether the relationship hit its performance targets and milestones for last month, you need to ask whether you have targets agreed

for next year, budgets in place and people recruited. This could also be described as measuring contribution versus measuring results.

- **Measures of collective as well as individual performance**
  Measures for each partner's performance are important – for example, how long it takes one partner to close a helpdesk query. But you also need to measure collective outputs such as the overall customer satisfaction level for the whole IT service.
- **External measures as well as internal ones**
  Partnerships need to look externally for benchmark measures, and in many cases will have them imposed upon them – for example, government-specified best value targets. However the partnership should also jointly agree a few of its own internal KPIs – the things that the team are really motivated to achieve and will stand as symbols of success of their joint endeavour.
- **Perception data as well as hard facts**
  Obviously you need numerical data on key areas in order to be able to analyse how well the relationship is going. But you should also collect opinion data on the state of the relationship at frequent and regular intervals (and it can often tell a different story).

A good measurement suite covers all eight of these elements, with appropriate weight being given to each one. That way you have delivery measures and diagnostic measures, so you can assess how you've done so far and how you're likely to fare in the future.

Good measurement gives a relationship an early indication of problems to come. It tells all parties where to focus their attention for the future benefit of all. It discourages self-interested behaviour, and encourages collaboration. And it can be interpreted consistently by all parties – in other words, it's undeniable.

But in our experience, measures enshrined in a formal partnership contract rarely meet all the good measurement criteria listed above. They're often drawn up without reference to the people responsible for implementing the partnership, and certainly before there's any experience of operating it.

Even when leaders use the eight sides of measurement, they're not always even-handed about it. Biases creep in, because leaders have natural preferences – they're hard fact people, or benchmark enthusiasts, or sticklers for lagging KPIs. In addition, their previous experience will push them towards one type of measure or another. It's important to be aware of this possible bias and to do your utmost to give sufficient attention to each of these eight directions.

Know when to escalate a problem

Using the measurement compass with its 8 directions will generate a lot of useful data - much of it leading indicators of future problems in a relationship. The task for those leading a collaborative relationship is to understand what this data is really saying and when to escalate an issue

Good measurement systems should be able to stop small problems from turning into big ones. Escalation procedures need to be specified at the start of any business relationship, but not to such an extent that they become unwieldy or unresponsive. They’re about getting information to the decision-makers when it matters, and letting them act on it – not gathering data for a management bureaucracy. To make sure this works effectively, leaders need to be able to review the trigger points and the processes specified in their procedures in the light of practical operations.

But good escalation procedures are worth their weight in gold. Rather than over-specifying every detail in a contract rely on simple rules for escalating problems. The ability to nip impending trouble in the bud is considerably more valuable than tit-for-tat point scoring.

A marathon not a sprint

Making a collaborative relationship work is a cross-country marathon not a sprint. You need a good routemap and a measurement compass to guide you at each stage of the journey. Whilst every relationship is different many follow a similar pattern. Their lifecycles go through a number of distinct stages each with its own specific risks and warning signs.

In this episode we described 4 stages of a typical partnership lifecycle: Selection; Transition; Maintenance; and Ending – and we highlight signs to look for to tell whether a partnership is on-track or approaching a danger zone at each stage.

The way you measure progress in a partnership is always a contentious issue. Whilst there is a great desire to keep a close eye on what a partner is doing, measurement systems that have focussed solely on outputs looking back at the performance in the last period haven’t stopped many high profile collaboration failures. Overburdened with petty details they have often been used as a stick to beat a partner with rather than as a tool to build understanding and to identify methods to improve future performance.

A measurement system shouldn’t create problems between partners it should help you solve them and to keep a relationship on track as you move through the different stages of its lifecycle.

The Essentials of Collaboration series – an overview

There are 4 episodes in this series which describe a number of tools and models that Socia has developed to enable organisations to better understand and develop their most important business relationships.

Episode 1: Defining collaboration
Collaboration is an overused term and can refer to a range of different working relationships which can range from those functioning like a close-knit team to a much more distant, customer-supplier type of transactional relationship. This first episode aims to clarify our understanding of collaboration by introducing the concept of the 'Collaboration Spectrum'.

Episode 2: The foundations of collaboration
Successful collaborative relationships can built on many different foundations but if you were to analyse what each of these has in common, and what leaders of successful collaborations pay attention to, three critical elements emerge; Governance, Operations and Behaviours. It seems that if you get the balance of these three right you have the foundations for a long term stable relationship.

Episode 3: Cultural differences and collaboration
When people find building business relationships frustrating they regularly put this down to difficulties with differences in 'culture'. This episode focuses on how to better understand the cultural differences between organisations and introduces the Organisation Partnering Index. This is a tool for measuring culture and, in doing so, helping to build understanding between the parties in a collaborative relationship.

Episode 4: A roadmap and a measurement compass
A successful partnership is not static but is a journey made up of distinct stages. As you progress through the stages, the behaviour of people within a partnership will change. So before you set out on a new partnership it is important to think about the road ahead. This episode helps you to produce a roadmap for your partnership and to create your own measurement compass to gauge progress along the way.

All episodes are available to download for free at www.socia.co.uk