



How to become a Partner of Choice

By Marguerite McGinlay

A **partner of choice** is reputedly the best partner in an industry or business sector.

Imagine yourself in the following situation:

You just successfully completed a deal. You provided a complex solution for your most valued customer. Initially, you didn't have all the resources your customer demanded, so you had to create a temporary alliance with another company, your alliance partner. We'll name them: "Alliance Co."

The customer was delighted with the results you provided, and now you are about to share the profits with your partner, "Alliance Co." As you hand over "Alliance Co.'s" share of your recent profits, they tell you;

"Thank you very much. You know, this was a great alliance... YOU made money... WE made money... and the customer is very happy. More importantly, all the time we were working together, we had the feeling that YOU were just as interested in seeing US make money and be successful... and, equally, you felt that WE were just as interested in assuring that YOU made money and were successful. We added value to

each other, and to the customer. ALL of us could sleep peacefully at night, knowing that we trusted each other. Although we may be in competition with each other in the future, we value and honor our ongoing relationship. WHEN CAN WE PARTNER AGAIN?"

If this is currently how your alliance partners are talking to you, consider yourself to be a *partner of choice*.

A **partner of choice** can deploy the partnering or alliancing model more safely, consistently and repeatedly.

At Affinity Maker™, our role is to help our clients attain this level of industry recognition and reputation by developing their partnering management capability and approach from their current position on the Partnering Capability Development Ladder© to one where all the foundations are in place to be recognised as a **partner of choice**.

Marguerite McGinlay, CEO at Affinity Maker™, explores what a partner of choice is, how to become one and the benefits it can bring your organisation.

Stage	Characteristics
1. No Partners	No partnership or alliance activities
	Partnering value not recognised
2. Opportunistic	Stand alone ventures driven by a champion with a vision
3. Systematic	Specific partnering initiatives in limited parts of the value chain
	Partnering is not an integrated strategic growth method
4. Strategic	Efforts to develop an organisation wide partnering approach and become a partner of choice
	Specific separate activities in various parts of the value chain result in partnerships of one sort or another
	Programs introduced to build partnering capability and adopt partnering best practice
	Growth through partnering directly linked to KPI's
5. Partner of Choice	Alignment of all systems and processes to continually improve partnering performance
	Partnerships and alliances and internal partnering capability are a key competitive advantage
	Partnerships and alliances are managed as a portfolio with defined management roles and responsibilities
	Organisation has strong partnering reputation and is recognised as a Partner of Choice



Partnering Capability Development Ladder© - Affinity Maker™

Opportunistic

Typically, an organisation at this stage use partnerships tactically (most often to bid for business which they could not win alone or to force suppliers to collaborate for extra value in the supply chain). Actions and initiatives are not combined and initiatives are driven by internal champions. Success is measured by commercial return or 'deals', and little if any thought is given to the long-term health of the relationships involved.

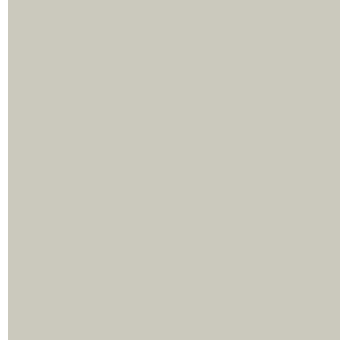
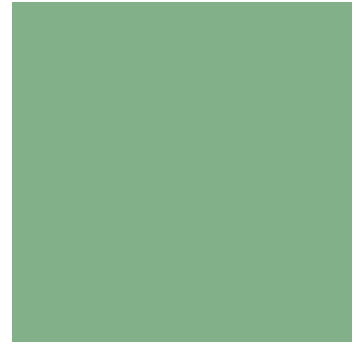
this effort. Systematisation allows for consistency in comparing one alliance relationship with another and thus leads to the development of in-house best practice programmes as one business unit learns from another. Working to a system is cheaper. It costs less in terms of time, money and effort (often all three are linked) to follow a process that has already been defined than it does to invent a new one.

Systematic

At this stage, parts of the organisation have recognised the effort they are putting into partnering and the value of systematising

Strategic

Partnering is recognised organisation wide as a key strategic advantage. Typical actions include establishing a central strategic alliances planning team, developing common governance



procedures, joining external alliance associations, developing common methodologies and toolsets for internal use, and seeking out external best practice.

Partner of Choice

Stage 5 contains world-class partnering organisations which have progressed through the preceding stages and now use partnering as their way of doing business. Partnering is not seen as a management fad but rather as 'the way we do business around here'. Typical actions include breaking apart corporate partnering teams and repositioning the function within line management, and making collaboration a key skill which is measured in individual appraisal processes.

Having carried out a Partnering Capability Assessment, we develop a customised *Partner of Choice* capability development program which typically includes elements of the following building blocks:

- education in partnering techniques and processes (eg partnering frameworks including governance, partner selection, creating and maintaining high performance partnerships)
- structures (e.g. positioning the alliance outside the standard corporate organisation, partnership portfolio approach & management)
- management competence (eg collaborative leadership skills, partnering knowledge, systems thinking)
- review mechanisms (e.g. balanced scorecard performance measurement approach)

Clients typically attracted to this style of program expect 20% or more of their revenues or profits to come from partnerships and alliances.

Benefits of being recognised as a Partner of Choice

A strong partnering reputation brings significant benefits throughout the partnering process. Companies with leading partnering reputations:

- Are the first port of call for companies seeking partners—they are approached earlier and offered higher-quality deals



- Often negotiate better deal terms and close deals faster, as would-be partners will tolerate greater uncertainty knowing that this particular partner has a track record of success.
- May secure greater concessions from potential partners to get the deal done knowing that their chances of success are greater.
- Enjoy greater levels of trust which speeds integration
- Increase the odds of success because allying companies devote top people to the partnership's ongoing management.

Partner of Choice programs become a competitive advantage because they are:

- difficult to imitate (its based on organisational partnering capability that has taken time to acquire and has become embedded)
- valuable (it pays its own way!)
- rare (few organisations do it well)
- difficult to substitute

Organisations that use best practices make more money.

“These premier alliance-builders also tend to reward shareholders with superior returns. Pfizer, BP Amoco and Intel, all frequently cited as partners of choice, boast a five-year total return to shareholders 1.5 times that of competitors. While obviously not due to alliance success alone, the pattern persists across industries—preferred partners are superior performers.” Outlook - Becoming an alliance partner of choice, Accenture 2001

The sources of commercial advantage can be summarised as:

- **Efficiency** - By doing things right in an efficient manner, organisations save time and wasted energy, both of which can be expressed in cost terms – for example, internal knowledge transfer, having a defined process, having a clear business value proposition, constructing good alignment with partners.
- **Effectiveness** - By doing the right things organisations save scarce resources for those situations in which they have the best chance of ‘leveraging’ – for example, assessing potential partners more quickly, refusing to be drawn into the opportunistic deal-chasing merry-go-round but rather

setting and keeping to a defined strategy.

To realize these advantages, many organizations choose to work with a specialist in partnering and alliancing like Affinity Maker™. Our role is to help our clients attain the partner of choice level of industry recognition and reputation by developing their partnering management capability and approach from their current position on the **Partnering Capability Development Ladder**® to one where all the foundations are in place to be recognised as a partner of choice.

Affinity Engine ™

The Affinity Engine™ was designed to aid organisations who fall into two categories: those looking to establish new partnerships or alliances to grow revenue, introduce innovative products or services or reduce costs. And secondly those that have a partnership or alliance at any stage, from concept through to full functioning and are experiencing challenges to get it to function optimally. Making Partnerships and Alliances Work is all we do. Why step into an unknown and potentially risky venture unprepared when you could arm your organization with a series of tools and techniques that would ensure the greatest likelihood of success.

Affinity Maker™ is an international boutique consulting company that helps clients create new partnerships and alliances and make existing ones work better.

To find out more about our services or to start using the Affinity Engine™ visit our web site **www.affinitymaker.com**

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