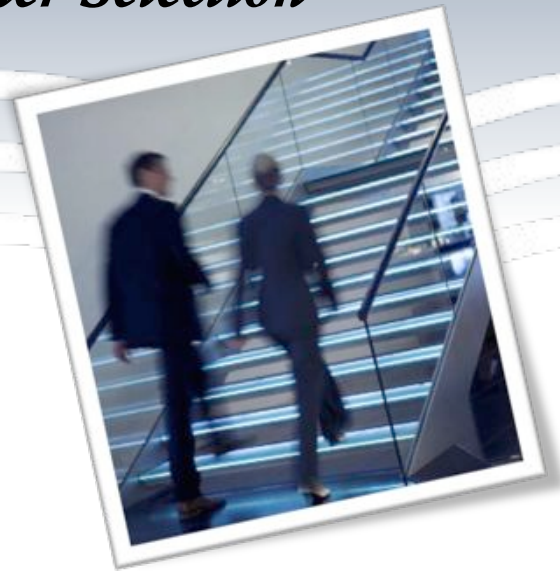


# Setting Up a Partnership or Alliance?

## How to Choose the Right Organisation

### *Part 2 - Partner Selection*



Robin Power, from Affinity Maker™, provides a step-by-step guide to partner search and selection and shares some of the success secrets in selecting the right organisation to establish a partnership or alliance with.

This white paper series on Partner Search and Selection is broken down into three parts:

- Part 1 – Partner Search
- **Part 2 – Partner Selection**
- Part 3 - Success Secrets for Selecting the Right Partner Organisation



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In the second part of this three part series on Partner Search and Selection, Affinity Maker™ will take you through Partner Selection.

The following are the typical steps we would work through with a client to select the right partner:

1. Approach each organisation for initial discussions
2. Perform a thorough screening and assessment of potential partners
3. Shared Vision and Joint Objective Development
4. Partnership Stakeholder Identification
5. Resource Mapping - Who will bring what resources to the partnership
6. Partnering Framework Development
7. Establish differences in behaviours and the capabilities of influential individuals.
8. Negotiations & Agreement

### **Initial Approach**

Use a 'prompter' to facilitate those creating a partnership to ask systematic questions of any potential partner to ensure a good fit with the goals / needs of the partnership. This is a starting point for exploring a potential relationship by providing a basis for frank discussions with the key players involved at both senior and operational levels. Included will be questions raised during the potential partner identification phase. It is designed to raise appropriate questions - not to provide definitive 'screening'.



## Screening and Potential Partner Assessment

The quality of the *right* partner predicts the quality of partnership. However there are five key elements to the screening and assessment processes that need to be developed and executed to holistically review the overall package the partner brings to the table and therefore the select the *right* partner. They are:

- Strategic Analysis
- Organisational Strength Analysis
- Technology Analysis
- Financial Analysis
- Legal Analysis

The Strategic Analysis is the most fundamental analysis because without strategic and objective alignment, the partnership is not going to work.

## Shared Vision and Joint Objective Development

### Develop a Shared Vision

To ensure strategic fit, a critical step to creating a win-win partnership is to create an agreed vision for the partnership that

links back to the overall business goals of both parties. These types of partnerships—the ones that are built around jointly identifying and meeting market opportunities, as opposed to opportunistic alliances struck around a specific customer bid—are much more likely to be successful, long-term affairs.

- Set clear expectations demonstrating the added value a project will bring and have agreed measurable outcomes with ongoing data collection
- Have a clear understanding about each other's organisational values and goals.
- Partnerships work well if those involved feel some commitment, and that comes from being involved in developing the vision, plans and projects. A sense of 'not invented here' kills partnerships, which is why those who 'own' the partnership at the outset will do well to share that stake with others.
- Openness and a willingness to ask why should expose any 'hidden' agenda's.

### Joint Objective Development

You will have already clearly articulated your own Partnership Success Objectives. Now its time to share these and build shared objectives with your potential partner

Defining the appropriate scope is important. By starting with a narrow scope, an partnership or alliance improves its chances for





a smooth implementation. As the relationship develops, trust builds, and a successful track record is established, discussions can begin to consider broadening the alliance. Start narrow and then broaden building on success.

A common tool for objective development is Quality Function Deployment (QFD). This is a methodical and systematic tool for working out what you want to do and how you intend to do it. It starts with a set of aligned success objectives described in a limited number of succinct statements.

## SMART objectives

Sort out the difference between objectives and aims, goals and/or targets before you start. Aims and goals etc relate to your aspirations. Objectives are your battle-plan. Set as many objectives as you need for success.

SMART stands for Specific, Measurable, Achievable, Realistic and Timely. Don't try to use that order M-A/R-S-T is often the best way to write objectives.

Measurable is the most important consideration. You will know that you've achieved your objective, because here is the evidence. I will know too! Make sure you state how you will record your success.

Achievable is linked to measurable. Usually, there's no point in starting a job you know you can't finish, or one where you can't tell if/when you've finished it.

How can I decide if it's achievable?

- you know it's measurable
- others have done it successfully (before you, or somewhere else)
- it's theoretically possible (ie clearly not 'not achievable')
- you have the necessary resources, or at least a realistic chance of getting them
- you've assessed the limitations.

If it's achievable, it may not be realistic. If it isn't realistic, it's not achievable. You need to know:

- who's going to do it?

- do they have (or can they get) the skills to do a good job?
- where's the money coming from?
- who carries the can?

Realistic is about human resources/time/money/opportunity. The main reason it's achievable but not realistic is that it's not a high priority. Often something else needs to be done first, before you'll succeed. If so, set up two (or more) objectives in priority order.

The devil is in the specific detail. You will know your objective is specific enough if:

- everyone who's involved knows that it includes them specifically
- everyone involved can understand it
- your objective is free from jargon
- you've defined all your terms
- you've used only appropriate language.

Timely means setting deadlines. You must include one, otherwise your objective isn't measurable. But your deadlines must be realistic, or the task isn't achievable.

To conclude, T must be M, and R, and S without these your objective can't be top-priority.

## Partnership Stakeholder Review and Management

A 'stakeholder' is a person or group that has an interest or 'stake' in the partnership and/or the power to influence the partnership either directly or indirectly.

Partnership Stakeholder Identification is usually done during the partnership strategy planning phase. Stakeholders are not only partners, but also all those people and organisations affected by the partnership.

A key to ensuring that partnerships really do make a difference is to understand what drives and concerns each partner and the wider group of stakeholders affected by the work of the partnership. Clarify what their expectations are.

- Are there any conflicts of interest?
- How realistic are expectations?
- How do we manage expectations?
- How do we engage the stakeholders appropriately?
- How can we meet expectations?
- How best can we allocate roles?

This exercise should provide some information about the stakeholders and partners' perceptions of them and an understanding of the constraints on different partners. It's also important to use this exercise to verify alignment with the Partnership Strategy.

## Resource Mapping

Prior to formalising a partnership, it is important for the partners to consider what resources will be needed for the agreed project or programme of work. Typically this is worked out in terms of funding requirement, but one of the real benefits of working cross-sectorally is the potential access to a wide range of non-cash resources that the partners can bring to the partnership.

A partnership meeting (or several) dedicated to identifying the resources each partner might contribute can be invaluable. Run in a workshop format, possibly managed by an external facilitator like Affinity Maker™ with experience of this process, it can offer opportunities for partners to fully explore their own potential for resource contribution and - in the spirit of gentle competition - it can lead them to make tangible commitments that will enable the partnership to get underway more quickly and efficiently.

Apart from the very tangible contributions this will yield, the process is also invaluable in building respect, understanding and teamwork between partners - all important pre-conditions of successful collaboration.

## Partnering Framework Development

The discipline of partnering exists to help groups, who spend much of their time apart, build trust and make decisions effectively. Partnerships are a complex mix of individual behaviours, organisational cultures and systems, and contractual requirements. The demands of these situations mean that partnering focuses on three key areas: behaviours, processes and governance. In building the right behaviours, the most efficient processes and the most effective governance structure, all parties have a framework for operations and a collaborative approach to deal with their areas of interdependence. This is called a Partnering Framework and will include:

- Governance
- Processes
- Behaviours

Governance - *contracts, decision-making and control*

- effective and appropriate structures for monitoring and managing the relationships
- appropriate structures for monitoring and managing the relationships, which are additional to those defined in the contract; for example, decision making and dispute resolution

Processes - *management information, service levels and learning*)

- compatible and efficient processes for operating within the partnership
- compatible and efficient processes for operating within the partnership. Some of these may already be in the contract, but might include communication or administration

Behaviours - *leadership, problem solving, cultural compatibility*

- how everyone involved needs to act within the partnership.
- how everyone needs to act within the partnership. These will be different to an organisation's cultural norm; for example, a large public sector organisation might need to work in a less controlling style to collaborate effectively with a smaller company.

Let's look at an example of how a partnering framework might work for a large corporation in partnership with a much smaller hi-tech start-up to develop a new technology.

- If resource planning is done in line with the corporation's annual cycle, the partners might well find that after the first quarter there is either too much work for the start-up to do, or no work at all. As part of their partnering framework, they co-create governance structures for appropriate resource planning.
- The large company pays its invoices more slowly than the start-up can afford. So as part of their partnering framework, the partners set up a payment process that is outside of the corporation's standard processes.
- Behavioural clashes emerge, for example, in the area of project management. The larger company wants to 'assist with' – or audit – every detail of the project plans. For the smaller company, this reeks of over-bureaucracy and even lack of trust. But the larger company perceives a lack of rigour and due process. The partners agree not only project management governance and processes – but also behaviours around sharing and reporting information.

With a clear framework, partners both organisations and individuals can work successfully.

### Partnership Strength Indicator

The Partnership Strength Indicator is a measurement tool to help clients reduce the risk of partnership failure. After the Partnering Framework has been developed, we use the tool

to stress test the Partnering Framework to ensure it will stand up to the rigour a partnership demands.

It can also be used after the partnership is fully functioning to baseline partnering performance, highlight strengths and weaknesses and measure progress.

## Key Individual Behavioural and Capability Assessment

Having the right match of skills and capability are extremely important in selecting key individuals in a partnership.

An evaluation should identify skills strengths and develop strategies to address any skills weaknesses. It can be used by the partners as a group to build a picture of the competencies within the partnership and to identify which individual is best equipped to undertake which tasks / roles. It can also be a tool for enabling partners to recognise when specific skills might need to be brought in from outside the partnership. Some organisations use Myers Briggs Type Inventory (MBTI) which identifies the personality preferences of individuals and is the most widely used development tool of its type in the world.

Consider the following key roles and skills required to make a partnership successful.

| Role                                 | Key Skills                   |
|--------------------------------------|------------------------------|
| Partnership / project 'championship' | Negotiation                  |
| Awareness raising                    | Mediation                    |
| Co-ordination / Administration       | Facilitation                 |
| Relationship management              | Synthesising information     |
| Resource mobilisation                | Coaching / capacity-building |
| Project / programme planning         | Institutional engagement     |
| Project / programme management       | Institution-strengthening    |
| Communications                       | Evaluating / reviewing       |
| Monitoring                           |                              |

Skills can be developed and roles can change over the lifetime of a partnership. The more each individual can develop their professional capacities and take on new tasks, the more they will feel engaged and valued within the partnership. Partnerships can work well because they provide new opportunities and allow individuals to get 'out of the box' of their day-to-day operational style.

## Negotiations & Agreement

The negotiation process can sow the seeds for later success or failure. Don't under-estimate its importance. Most managers are not the best negotiators so sooner or later, you will run

into the finance guy!

To capture the spirit of the partnership, many organisations create a Memorandum of Understanding and Principles (MOUP) which covers the goals and the broad principles for action. This document is not legally binding, typically has a maximum of 5 pages and will have senior and middle management support. Ideally, it's jointly presented by the partnership or alliance champions from both sides to the decision making group on each side for approval. The platform document opens the communications channels between partners, internally between staff and the executive sponsor and also between legal counsels.

The negotiation process to reach agreement should contain the following stages:

- Preparation – where the most effort should be
- Wants - clarification and articulation
- Propose
- Bargain
- Agree
- Document

Documenting the agreement formalises it and makes it into a legal document. All contracts and agreements must include these key elements:

- clear aims;
- clear, measurable outputs or outcomes expected;
- clear indication of the value-added benefit of working together; and
- clear plans stated for review and evaluation to assess whether outputs/outcomes have been achieved.

Always critically review the incentives to ensure the correct motivations.

If the relationship is to be documented by a contract, matters to be addressed include:

- The nature of the parties' businesses and a statement of their future intentions relevant to the relationship;
- The obligations of each party;
- The term of the contract;
- Ownership of intellectual property generated during the contract;
- Dispute resolution procedures (e.g. escalation/mediation/arbitration rather than or before litigation); and
- Exit strategy (e.g. 'no fault' termination, termination for cause).

*Robin Power is a partnering and alliancing specialist and is Managing Director – Asia Pacific at Affinity Maker Pty Ltd ([www.affinitymaker.com](http://www.affinitymaker.com)), an international boutique consulting company that helps clients create new partnerships and alliances or make existing ones work better.*

# 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](http://www.affinitymaker.com)

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