PARTNERING
intelligence

White Paper

Building Smart Alliances

Essential Components of a Successful
Partnering Process

By Stephen M. Dent

Executive Summary

Efficient, healthy partnerships under gird the success of every business and organization in the world. Lacking in partnering capabilities is not an option for today's organizations, which increasingly rely on both internal and external partnerships to accomplish their goals. Mergers, acquisitions, and alliances with customers and suppliers all create complexities that can only be managed by partner-savvy people.

Adding to the growing complexity is the emerging global marketplace, causing people around the world to interact and conduct business as never before; this demands new ways of interacting.

The fact is, partnerships, or alliances, can make or break a business. When they work, they produce a synergistic multiplication of resources, energies, and fortunes. When they fail, they create a disastrous alliance that costs millions of dollars.

"Partnering Intelligence" is clearly one of the most critical competencies for business success. But building great partnerships is the hardest work in the world. What are the attributes of successful partners? How do we know if we are good partners? How can we improve our partnering capabilities?

Through extensive research over nearly two decades, Partnership Continuum, Inc. has developed a system for building effective partnerships. This paper explains the Partnership Continuum Model—a blueprint for the process of building and sustaining smart alliances.

What is Partnering Intelligence?

Some people have the ability to make things happen regardless of the situation. They can get things done smoothly and successfully. They have a high "Partnering Intelligence," an ability to develop trusting relationships while accomplishing mutually beneficial objectives. They also follow a process, whether consciously or unconsciously, that consistently yields desired results.

Metaphorically, one's ability to master relationships—Partnering Intelligence—is similar to one's ability to master cognitive thinking, or mental intelligence.

To be successful in business today, an organization needs people with high Partnering Intelligence. It is the most important executive competency in today's information- and knowledge-based economy.

For example, scientists tend to think in rational, logical and sequential ways while artists often are conceptual, emotional, and random. Neither style of thinking is wrong. Each style contributes to the success of the person within his or her respective field of endeavor. Other types of intelligence, too, have surfaced as researchers try to figure out what really makes people and businesses successful.

The list of human "intelligences" as researched by Dr. Howard Gardner, Professor of Education at the Harvard Graduate School of Education, includes spatial, linguistic, logical-mathematical, musical, bodily-kinesthetic, interpersonal, and intra-personal intelligences.

Mental intelligence is by no means the only factor in determining how well people solve problems or cope with adversity. In fact, a high IQ is not necessarily the key to success in business. Research conducted by many human resource organizations reveals that the most successful leaders are those who can get their goals accomplished through trusting and mutually beneficial relationships.

All these intelligences, social scientists say, influence our behavior and contribute to our success in achieving what we want and need in life. While most of us excel in one or more areas, we may lack in another type of intelligence.

Great partners possess and practice certain key attributes, just as "smart" people possess certain key mental aptitudes. People who have a high Partnering Intelligence are able to build trustworthy relationships that meet the needs of all partnership members.

Trust and mutual benefits are human instincts. When people can't feel, trust, or see some personal benefit, their energies go elsewhere. Smart companies and their leaders are figuring out how to harness that human energy and put it to work benefiting everyone involved.

Most of us must learn to be good partners. Unlike our IQ, which remains relatively static during most of our lives, we can increase our Partnering Intelligence over time and can reap benefits in the form of more fulfilling business relationships and greater profits.

The following case study examples illustrate the power of Partnering Intelligence.

Businesses don't partner—people do.

Case Studies Illustrating Partnering Intelligence

I. External Alliances

Northwest Airlines formed a partnership with KLM Dutch Airlines to offer international travelers on both sides of the Atlantic an increased number of destinations. As a direct result of their partnership, Northwest Airlines increased its pre-tax profits by $50 million a year and KLM enjoyed a healthy $150 million a year pre-tax profit increase.

A PCS wireless telephone company partnered with a landline Baby Bell company to offer customers features no one else offered. How? The landline company knew its customers wanted to keep track of only one number. The wireless company knew its customers wanted to take their phones with them wherever they went. Together, the companies offered "wireless extension"—and innovation that acts like a home or office phone that customers can answer in either location. The partnership wiped out the competition in the markets it served.

The owner of a Midwest grocery store chain formed a partnership with several contractors to rebuild a store. They use the Partnership Continuum Model's partnership-building process to figure out how to complete the extensive construction project while keeping the store open for customers during remodeling.

> While competitors can copy new technology, innovative marketing approaches or leading-edge designs, they are hard-pressed to copy the dynamics created through relationships. These can only be grown from within, not acquired or copied.

They also used the process to diffuse a possibly stressful and disastrous situation with employees who had to carry on their jobs during the project. By applying foresight, and using the Partnership Continuum Model, the construction job was completed on time and without a hitch.

II. Internal Alliances

Two departments of a wireless phone company were competing with each other to handle an important piece of their mutual process—equipment inventory reordering. The crux of the conflict revolved around some fairly complicated ordering and software/ hardware technology issues. Both departments (Order Fulfillment and Sales Development) had valid reasons for controlling equipment inventory reordering. The two groups were brought together to form a partnership. After they established a common goal, they worked through their conflict, streamlined the process, and reduced inventory overhead.

A telephone company in Florida and its union were at odds about how to schedule vacations. The two organizations sat down together and formed a partnership that helped them figure out how to get work orders completed during the busy summer season while still allowing employees time off to enjoy the warm weather. Their partnership headed off a rash of "sick days" for the company and a huge backlog of grievances for the union.

How the Partnership Model Works

Forming and sustaining partnerships is part of a conscientious and purpose-ful strategy. The Partnership Continuum Model is a scientific approach to creating partnerships. By following the model, people have a process that will consistently yield desired results.

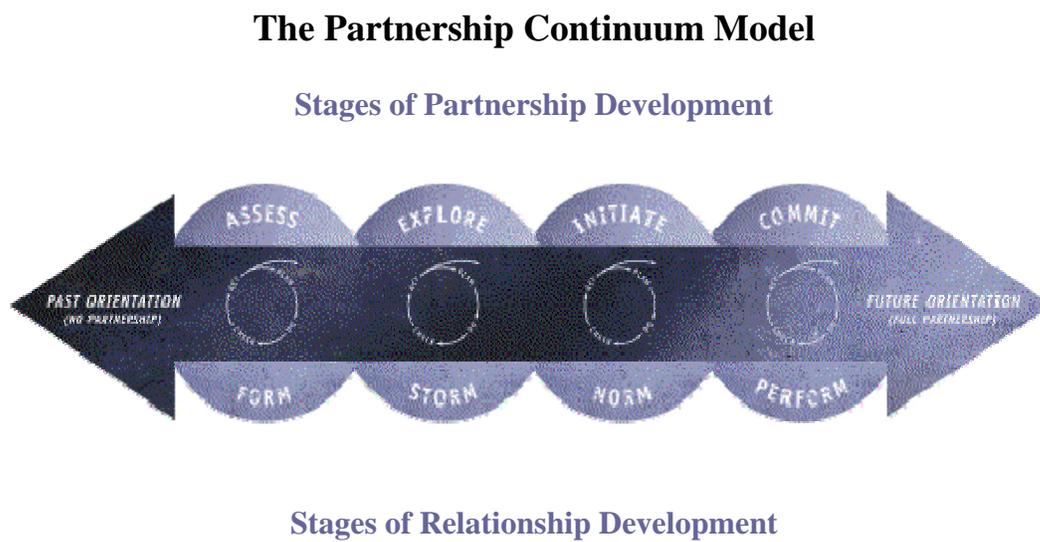The Stages of Partnership Develop-ment focus on the "tasks" necessary for establishing the partnership.

Embedded in the model are **two key components**: the Stages of Partnership Development and the Stages of Relationship Development.

The Stages of Relationship Development explain the relational dynamics that occur over a period of time as trust and mutual benefits are brought to the surface.

Together, these two dynamics form the system that creates the environment or culture that the alliance will live in. This is important because partnerships are not words on a paper or a contract for services. They are living things— organic in nature. Like living things, they have life cycles; partnerships are born, mature, and die. They must be nurtured. They exist in an atmosphere, just like people do.

As illustrated in Figure 1, the model is a system that has many important elements neatly rolled into two key components.

Figure 1

The Partnership Continuum Model

Stages of Partnership Development

Stages of Relationship Development

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Like two sides of the same coin, these key partnering activities work together to produce consistent and increasingly better business results.

Stages of Partnership Development

1. Assess. Before an organization can engage in a successful partnership, it must, whether consciously or unconsciously, examine its readiness, willingness, and ability to engage in the process. Questions an organization will need to answer during the assessment process include:

- What do you want from the partnership?
- Do you know what you can expect from a partner?
- Do you understand your own limitations?
- What is the strategic framework the alliance will operate within?
- Can you make a decision to change your behavior if necessary?
- What are your organization's strengths and weaknesses?
- What needs do you have?

2. Explore. Once an organization has assessed its capabilities, understands its needs, and has noted a gap between future goals and present capabilities, adequate preparation is in place to explore for a partner. This process includes the following steps:

- Determine what type of partners you want or need.
- Determine what your partners need from you.
- Negotiate a win/win area of involvement and identify an activity to engage in to demonstrate the value proposition of the alliance.
- Create an opportunity to build trust between the participants.
- Make a pact or agreement.

3. Initiate. In this stage, the organization brings together the partnering team and clearly identifies planned activities, expected outcomes, and task agreements. Typically, partnerships take more time than originally planned. Everyone involved needs to understand and buy into the partnership's vision and goals. Its evolution will be managed by continually planning and executing tasks, while always strengthening partnering capabilities and reviewing and adjusting actions.

4. Commit. Everything up to this point has been focused on getting an organization to the full partnership stage or the committing stage. Up till now, the organization has worked hard with its partner, navigating through the stages of development to achieve trust and mutual benefit. Important mutual goals have been accomplished, and the partners are now positioned to perform together on an ongoing and increasingly effective basis.

During this stage, a partnership is cemented by making a more formal commitment. This entails, among other things, joint strategic planning and a clear move from independence to interdependence.

Stages of Relationship Development

The Stages of Relationship Development are based on the work of noted educator and psychologist Bruce W. Tuckman, Ph.D. and his observations of groups of people engaged in a task. He noted that teams—groups of individuals—go through predictable stages of behavior. He named these four stages: Form, Storm, Norm, and Perform. Each stage is identifiable by the behaviors of the people on the team. While the stages predicted the types of behaviors to expect, he offered no prescription to help people move through the Stages of Relationship Development.

Partnerships follow a similar pattern, beginning with a "forming" stage, moving on through the "storming" and "norming" stages, and culminating in the "performing" stage.

As with Tuckman's relationship model, partnerships do not necessarily pass cleanly through each stage as they evolve. If fact, they typically don't. Like personal relationships, they get messy at times; and the tendency is to vacillate back and forth through various stages.

The two parallel sets of stages of development define the natural progressions that people and groups go through as they develop and grow. These stages are as fluid as they are predictable; while one can predict their occurrence within a period of time, they are easily influenced by outside forces that can cause them to change and even revert to previous stages.

Partnering Behavioral Skills

To help partners traverse the perils of the Stages of Relationship Development, we have identified behavioral skills that help create the atmosphere—or partnering culture—that enables an alliance to thrive. We refer to these skills as the Six Partnering Attributes.

Just as the earth's atmosphere protects and nurtures life on the planet, a healthy partnership environment nurtures and protects important business and organizational relationships. If skills and behaviors are lacking in one of the attributes, it will impact the overall "atmosphere" of the partnership. To create successful partnerships, it is important to possess all the competencies of all the Six Partnering Attributes.

Like the earth's atmosphere, the Six Partnering Attributes impact the overall partnership environment.

The following are the Six Partnering Attributes, lined up with the Stages of Partnership and Relationship Development they support.

Assess / Form Stages

- **Self-Disclosure and Feedback.** This attribute refers to whether one is comfortable with disclosing needs and expressing feedback as to the impact of others' needs. Self-Disclosure and Feedback is the first skill used to determine needs and build trust between individuals.

Explore / Storm Stages

- **Ability to Trust.** This attribute refers to whether one gives people trust or whether they have to earn it. Knowing one's trust style and communicating it to others helps form a foundation for discussion and an understanding of expectations for the future.
- **Win/Win Orientation.** This attribute describes people employing a problem-solving method that creates a win/win outcome for both parties. Each of us has an innate style of conflict-resolution and problem-solving based on our fight-or-flight instinct. Smart partners know they must move from their "hard-wired" reactions to a negotiated style of problem-resolution.

Initiate / Norm Stages

- **Future Orientation.** This attribute refers to whether one looks to the past or to the future in evaluating business relationships. Alliances are formed to do new things. When people continue to revert back to old behaviors, they destroy trust and the alliance with it.
- **Comfort with Change**. This attribute describes how comfortable one is with change. Where there is little or no comfort with change, partnerships may not be the best strategy. Change is the natural outcome of an alliance, so one must be comfortable changing.

Commit / Perform Stages

- **Comfort with Interdependence.** This attribute refers to whether one can work in concert to achieve mutually agreed-upon partnership goals and can link success with others. For people who are of an independent nature and prefer to work in solitude, partnerships may be difficult.

A key point to remember about the Six Partnering Attributes is that they are a learned intelligence and can be developed over time. Unlike mental intelligence, as measured through an IQ test and which remains relatively stable over your lifetime, Partnering Intelligence can be learned.

While using a blueprint such as the Partnership Continuum Model is better than letting a partnership evolve through happenstance, it is the individuals in the partnership who must have the skills—the partnering attributes—to make it work.

People who have a high Partnering Intelligence are able to build trustworthy relationships that meet the needs of all partners.
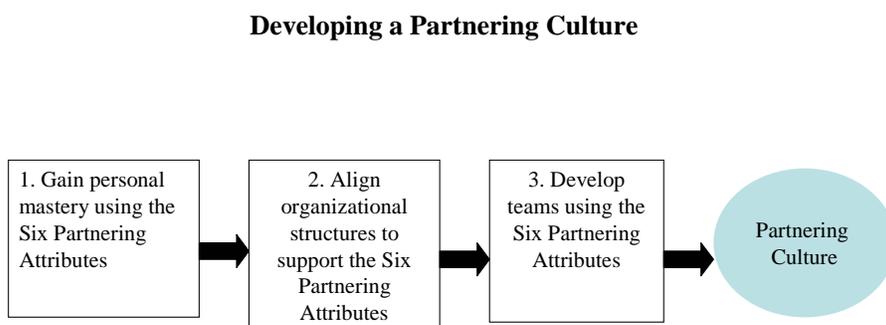
Developing a Partnering Culture

A business that invests in developing the Six Partnering Attributes will start to see exciting outcomes. It will experience less internal conflict, more productivity, more creativity, and higher morale than companies that don't invest in developing these attributes.

These attributes are the tools that create trust between two people or two entities and aid in equalizing power. Without trust and a sense of balance, there can be no productive partnership. A company that lacks internal Partnering Intelligence will have problems with its partners.

When used consistently within an organization, the Six Partnering Attributes create the atmosphere that allows the partnering culture to thrive. Accomplishing this begins with the executive team gaining personal mastery over the attributes and committing to behaving in an open, trusting manner using the interpersonal skills of the partnering attributes.

The second step in building a partnering culture is making sure the organization's infrastructure supports the emerging culture. To achieve collaborative behavior, for example, there must be a balance between the reward for both collaborative behavior and individual contribution. The third step, as illustrated in Figure 2, is developing teams and training employees in the use of the Six Partnering Attributes to accomplish their tasks.

Figure 2

Developing a Partnering Culture

| 1. Gain personal mastery using the Six Partnering Attributes | → | 2. Align organizational structures to support the Six Partnering Attributes | → | 3. Develop teams using the Six Partnering Attributes | → | Partnering Culture |

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The Six Partnering Attributes also provide a language for enabling team members to better communicate with each other. Consequently, when people in a partnering culture talk about working collaboratively and building trust, each member knows what actions he or she must take to meet everyone else's expectations.

Summary

Using a step-by-step approach, the Partnership Continuum Model provides a framework in which partners can review and plan for the two major components needed for successful partnership—building the partnership and sustaining the relationship.

Essentially, people need to approach partnerships from a holistic perspective. Partnerships are systems, not simply parts. The human body cannot be expected to function properly if a piece of the "human system" (the heart, for instance) is removed.

> A partnership isn't valuable merely because it has the potential to be valuable. Most of a partnership's success is based on our human efforts.

Since partnerships are systems too, they cannot be expected to function if one of their components is ignored. Failure will result from just working on the task of partnering while ignoring the people or relationship aspects.

Anyone can learn to become an effective partner, and partnering skills can be honed over time. Success starts with:

- Following a disciplined and systematic partnering process (the Partnership Continuum Model)
- Balancing the dynamics of relationship and task
- Practicing the Six Partnering Attributes of effective partners

With this as the foundation, an organization's partnerships will become smart alliances that create endless value for the business and enable it to successfully compete in the future.

If you have the proper framework and effective tools, you can manage the turbulence that is created when two or more entities merge their agendas. Without such a framework and tools, even if you have a high Partnering Intelligence, your partnerships may reap only minimal benefits or may even fail.

About the Author

Stephen M. Dent, founder of Partnership Continuum, Inc., is a pioneer in Partnering Intelligence theory, research and application. His first book, *Partnering Intelligence: Creating Value for Your Business by Building Strong Alliances* (Davies-Black publishing, 1999), describes how Smart Partners build effective internal and external business alliances that create sustainable competitive advantage. This book was listed as one of the top 30 business books for the year 2000. His most recent book is *Powerhouse Partners: A Blueprint for Building Organizational Culture for Breakaway Results* (Stephen M. Dent and James H. Krefft, Davies-Black Publishing, 2004). He has over 20 years' experience helping companies improve performance and operating margins through strategy, quality, process and partnership-improvement methods. Prior to founding Partnership Continuum, Inc., Stephen was a Partner and Senior VP for Six Sigma-Qualtec, where he delivered quality, process improvement, and partnership workshops. He is a sought-after business consultant and keynote speaker.

About Partnership Continuum, Inc.

In the twenty-first century, businesses that develop, sustain, and profit from partnerships faster and better will attain organizational success. At the core of any successful business are people. After all, businesses don't partner; people do. Developing the Partnering Intelligence of people and organizations is what we do. Partnership Continuum, Inc. mobilizes your relationships with employees, customers, suppliers, and even competitors in surprising and rewarding ways. Our unique and innovative programs and products lead to higher productivity and stronger relationships enhancing your partnering capability through building trust, positive exchanges, respectful interactions, beneficial outcomes, future potential, and leadership excellence.

Visit www.partneringintelligence.com for more information about our corporate and leadership training programs for Partnering Intelligence, the Six Partnering Attributes, and a partnering culture or contact us at **612.375.0323** or **sdent@partneringintelligence.com** to discuss how we can impact your organization's effectiveness in building smart alliances.