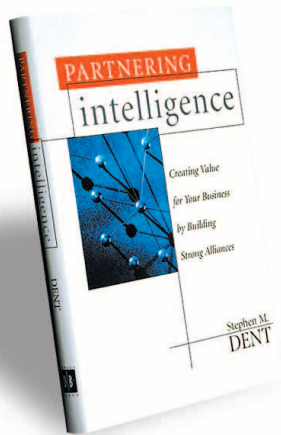


# SOUNDVIEW Executive Book Summaries®

FILE: STRATEGIC MANAGEMENT



By Stephen M. Dent

## Creating Value for Your Business by Building Strong Alliances

# PARTNERING INTELLIGENCE

### THE SUMMARY IN BRIEF

Since the dawn of civilization, human beings have struggled to survive. Throughout most of history, mankind has prospered by banding together, acting in the group's self-interest and moving forward in partnership. But when the industrial revolution took hold, individual competition replaced widespread partnership. Forgotten was the importance of relationships that valued the "we" over the "me."

This thinking is all beginning to change. As society moves towards a global economy based on information and communication, today's business leaders are awakening to the fact that they need to partner in order to survive and prosper. To do so, leaders will have to rediscover and develop lost partnering skills. They will have to learn to be a smart partner and build smart alliances.

This summary will help you regain the lost skill of partnering by showing you how to recapture and develop what author Stephen M. Dent calls your "partnering intelligence."

To help you achieve this goal, Dent presents a tool he labels the Partnership Continuum. As shown in this summary, the Partnership Continuum offers a step-by-step process that offers specific methods for

- developing better relationships,
- developing more effective partnerships,
- trading in a past-oriented mindset for one that is turned toward the future.

A key focus of the summary is on the four stages of partnership development: assessing whether you need a partner; exploring potential partners; initiating the partnership on a limited basis; and committing to a full partnership.

In today's interdependent, hypercompetitive business environment, partnering intelligence offers a vital competitive advantage to companies in all industries. This summary will ensure that you can acquire that advantage.



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# PARTNERING INTELLIGENCE

by Stephen M. Dent

## — THE COMPLETE SUMMARY

### Rediscovering Partnering

It might be easy, in today's information age, to make the mistake of thinking technology alone will drive business success. Although technology may allow you to become more productive, it won't be long before your competitors replicate your technological advances. In the near future, what will drive business success is the ability to initiate, sustain and profit from interdependent relationships. The outcome will be innovative products, creative services and maybe even new technology. To get there, you will have to develop your partnership intelligence.

Why partner? Because creating business partnerships is essential to innovation, growth and customer satisfaction. Partnering allows you to expand resources without investing in new infrastructures, create greater customer satisfaction through increased availability of services, reduce expenses by using shared facilities and increase productivity and job security.

Examples of successful business partnerships abound. Take the case of a regional telephone company and PCS Wireless, a company that provides wireless telephone service. When the two decided to combine the best of both wireless and land line phone services, they offered customers features that neither could provide alone. The baby bell knew customers wanted only one number to keep track of, and PCS realized customers wanted the flexibility of taking the phone wherever they went. Together, the two companies partnered to provide combined wireless and land line service using only one number.

Another illustration of the power of partnership is the cooperation between KLM Royal Dutch Airlines and Northwest Airlines. As a result of their cooperation, travelers on both sides of the Atlantic enjoy greater flexibility in choice of destinations, reliability, coordinated scheduling and use of frequent flyer miles. Both airlines benefit from the use of shared facilities, ticketing and check-in counters. The partnership has saved both airlines many millions over the last few years.

#### **Partnership Continuum™**

The first step to developing your partnership intelligence is self-awareness. You must know and understand your own needs before you can expect to meet someone

### Partnering Intelligence

"Partnering intelligence" is an idea whose time has come. Just as mental intelligence and emotional intelligence are measures of ability and problem solving skills, partnership intelligence is a measure of your ability to succeed in partnership situations. It is a measure, specifically, of how well you are able to create and sustain healthy and mutually beneficial partnerships — both at work and in your private life.

You may be used to thinking that partnerships are something that naturally evolve. Nothing could be farther from the truth. Partnerships take work.

else's needs. Once both partners' needs are recognized, you become dedicated to success for the enterprise while at the same time you maintain separate identities.

The process that allows you to develop your partnership intelligence is the Partnership Continuum. The Partnership Continuum is a deliberate, well-thought-out, scientific approach to creating partnerships. This approach allows you to move from no partnership to full partnership using a step-by-step approach. The Partnership Continuum presents a framework for partners to review and plan for successful partnerships.

To create a working partnership, you must understand that partnerships don't just happen; they are designed. The Partnership Continuum model is the blueprint for creating healthy, trusting and mutually beneficial partnerships.

*(continued on page 3)*

**The author:** Stephen M. Dent, a founding partner of the Minneapolis-based consulting firm The Partnership Continuum, Inc., is an award-winning organizational consultant specializing in developing internal and strategic partnerships. His clients have included AT&T, North West Airlines, GE Capital Services, the U.S. Postal Service and USWest Communications. Through his workshops, speeches and nearly 20 years of consulting assignments, Dent has trained thousands of managers, executives and consultants in the benefits of partnering intelligence.

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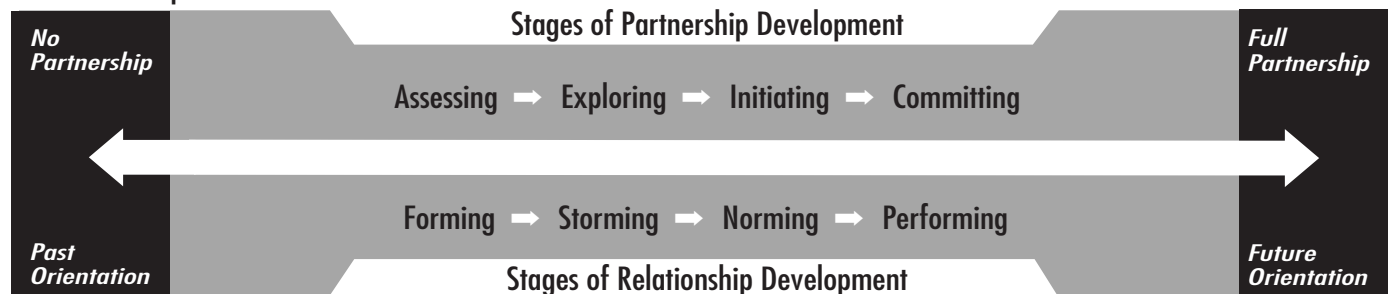
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### The Partnership Continuum Model



### Rediscovering Partnering

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As shown in the illustration above, the Partnership Continuum model has three components.

One component focuses on relationship development, another on partnership development and a third on past versus future orientation.

Each end of the model represents the extremes. That is, the far left side represents no partnership and an orientation to the past while the far right side represents full partnership and an orientation to the future. As your partnership intelligence grows, you move along the continuum to the right. The farther you move, the higher your partnership quotient.

The bulk of this summary will be focused on the partnership development component, that is on the step-by-step stages of developing partnerships. But first, let us look briefly at the other two components of the Partnership Continuum: relationship development and past versus future orientation. ■

### Past versus Future Orientation

As shown in the Partnership Continuum illustration, companies with high partnership intelligence establish a future-oriented environment.

For example, imagine a friend who consistently shows up late for dinner at your home. If you continue to tell him to show up at a particular time, and act as if he will be late when planning dinner, you have a past orientation. If, instead, you discuss the consequences of his late arrival (i.e. when he's late, dinner is cold) and get him to promise to arrive on time, and then trust him to follow through, you have a future orientation.

In a future-oriented environment, the past is not used as a guide for decision making, conflicts are resolved with a win-win attitude and people display the ability and desire to trust others. Thus, establishing a future orientation requires certain traits and skills that are, as shown in the box at right, key in developing a high partnership quotient. ■

### Partnership Attributes

As you move through the Partnership Continuum, you will acquire six fundamental attributes that contribute to you and your company's partnership intelligence. Developing and reinforcing these attributes is the key to increasing your partnership quotient (or PQ).

The first attribute is to be future-oriented in your decision making. This is essential in creating a future-oriented environment — a basic component of high partnership-intelligent companies (see article at right). Future-oriented decision makers don't base decisions on the past. They recognize that not everyone will repeat past behavior, so that past failure is not necessarily an indication of what will happen in the future. Conversely, they know that what worked in the past will not necessarily work in the future.

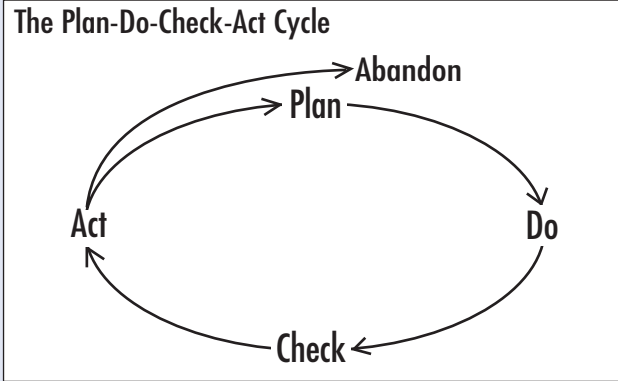
Increasing your comfort level with change is also important. Learn to embrace the possibility that change may be good, even if it is uncomfortable at first. The most effective way to deal with change is to break it down into small steps — just as a child learns to ride a bike a little at a time until the nervousness of the first day is eventually replaced by confidence.

A win-win orientation is another fundamental partnership attribute. Before potential partners can successfully cooperate, they must shed the desire to win at the other's expense and embrace solutions that are a win for both sides.

Another important attribute: You must be comfortable with the concept of interdependence rather than independence, with relying on another individual or company for support, assistance and success. One way to develop this comfort with interdependence is to move to a consensus decision-making style.

You must also develop your ability to trust. Focus on your behavior. If you are trustworthy, you will be more likely to trust. Over time, you will learn that, for the most part, your trust will be rewarded.

Finally, you must be willing to be open about yourself and your feelings to others. Learning to accept feedback (and learning how to give constructive feedback in turn) is a key component of self-disclosure.



### The Plan-Do-Check-Act Cycle

To assure that a partnership is actually accomplishing what it intends to accomplish, you can use the Plan-Do-Check-Act cycle as a check. Originally developed by Walter Shewhart, a statistician at Bell Telephone Laboratories, its purpose was to reduce variation in the processes performed by workers.

**Step 1** is to “plan” what it will take to accomplish a task. For a manufacturing process, you break down the task into specific steps. The components of a partnership — for example, how decisions are made, how conflicts are resolved, how communication will take place — should also be broken down. Partners should then agree on how to deal with each component.

**Step 2**, “do,” means to carry out the plan — in other words, to solve problems, make decisions and communicate just as planned.

**Step 3** is to “check” on how well the partners are accomplishing the plan. For example, is there a breakdown in the decision-making? Are the partners achieving the expected results?

**In step 4**, “act,” the partners study the results of step 3, then decide what actions to take to make improvements and achieve the partnership goals.

One possibility: You might have to abandon the plan — if it is clearly failing — and make a new one.

As shown in the chart below, most successful partnerships spend one-third of their time in the planning stage (mostly on developing relationships); one-third in the doing stage (mostly on accomplishing the task); and one-third in the checking and acting stages (which is evenly divided between task and relationship activities).

Timeline for a Successful Partnership		
Planning Stage	Doing Stage	Checking & Acting Stages
Task 33%	Task 67%	Task 50%
Relationship 67%	Relationship 33%	Relationship 50%

## The Four Stages of Relationship Development

Before you can attain long-lasting relationships based on mutual trust, benefit and respect, you will move through four distinct stages of relationship development. This can happen quickly, or it can take many months, depending on the group.

The four stages of relationship development are *forming*, *storming*, *norming*, and *performing*.

When the relationship is in the *forming* stage, people are generally polite to each other, and a bit reserved. Typically a group leader dominates activities. Others may sit back and take a wait-and-see attitude. This stage is the best time to clarify the issues that will need to be resolved. It is the time to establish trust within the group. Don’t be too anxious to rush through this stage. It takes time to learn to trust each other.

Next comes the *storming* stage. Here a clash of ideas and behavior creates conditions ripe for conflict. Politeness gives way to aggressive behavior. The group leader finds himself or herself challenged. Group members test the limits of the relationship and see what they can get away with. In short order, the participants learn where the boundaries are and learn that they can trust each other as they express their needs.

Once group members have identified their needs and aligned them to the needs of the group, they are ready to collaborate to solve conflicts. The level of trust they have developed allows them to take risks and try new experiments. This is the *norming* stage.

Finally, the group reaches the *performing* stage. Now creative energies surface, increase and flow abundantly as partners generate synergy. The partnership can expect to achieve goals that far exceed their expectations at the outset.

### Checking Progress

One way to check on the group’s progress in relationship development is to give each member a relationship feedback survey. Have each member rate on a 1 to 5 scale whether they never (1) or always (5):

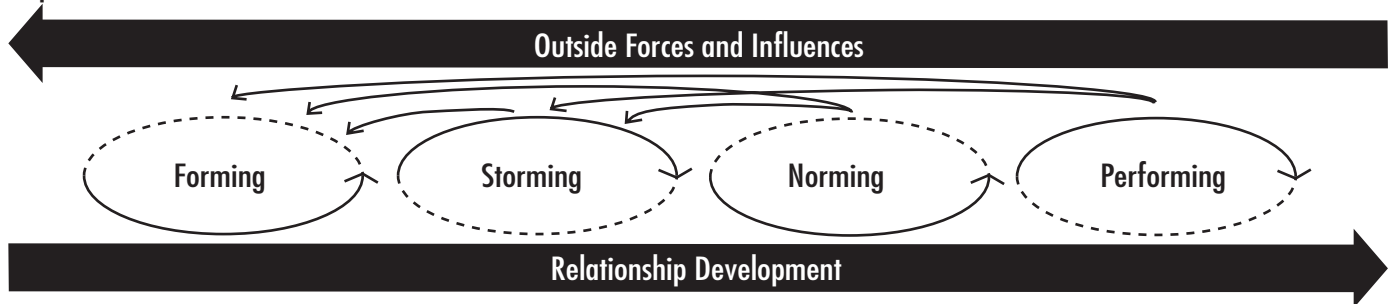
- Trust the other partners in this partnership,
- Think the other partners trust them,
- Feel comfortable expressing their ideas,
- Feel that their needs are being met, or
- Help others in the partnership meet their needs.

### Outside Forces and Influences

Unfortunately, not every partnership moves smoothly through the

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Impact of Outside Forces



### The Four Stages of Relationship Development

(continued from page 4)

Partnership Continuum. Relationships move between stages in response to outside forces and influences. This is especially true if suddenly the goals of the group change. The group may then move back to the storming stage. Fortunately, if the group has already established a basic level of trust, it should be able to get back on track fairly easily. ■

### Partnership Development: The Assessing Stage

For the remainder of the summary, we will focus on the partnership development component of the Partnership Continuum. Partnership development also takes place in four stages: assessing, exploring, initiating and committing.

#### Two Kinds Of Partnerships

Partnerships come in two varieties: external and internal. External partnerships can best be described as alliances between businesses. When Gary Wilson, chairman of Northwest Airlines recently spoke to the Press Club in Washington, D.C., he declared: “Mergers are out and alliances are in.” The alliances he referred to are external partnerships between airlines, all designed to boost productivity, profitability and customer satisfaction. Gone are the days of mega companies. Instead, strategic alliances will continue to dominate business as companies learn to seek out opportunities for partnerships that capitalize on strengths and overcome weaknesses without the need for fundamental changes in company structure. It is the ultimate win-win situation for both business partners.

Internal partnerships are found within companies, and include the relationship between management and labor or the cooperative relationships necessary between departments and divisions.

### Where Does Your Company Stand?

The first partnership development step is the *assessing* stage. The goal here is to determine where your company stands today and where it wants to go tomorrow. This internal assessment of your company will then allow you to decide whether you need a partner to achieve your goals.

The assessing stage should cover the ephemeral and material realms of your company. Both areas interact. They are referred to as realms because each sphere is separate yet interacts with the other just as the oceans of the earth interact with the atmosphere to produce our planet’s weather.

#### The Ethereal Realm

The ethereal realm consists of the company’s vision, values, ethics and culture. It is the heart and soul of the organization.

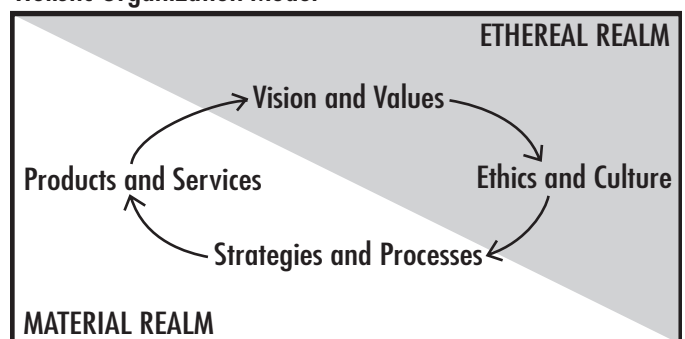
Let’s start with visions and values.

Creating and articulating visions and values is a basic leadership role. But you must be careful to avoid the appearance that your vision is phony, especially in organizations still stuck at the far left of the Partnership Continuum. Remember that others judge future actions by past performance, so that you must act in accordance with your vision every day. The company vision and values must become part of the corporate culture.

Ethics are based on individual behavior. Organizations don’t have ethics; the people in the organization do. The

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#### Holistic Organization Model



### Ethereal Energies At Work

Consider this example of the impact of a company's vision, ethics, values and culture on the customer. An automaker was recently required to recall a pickup truck. The recall was necessary because management had left out a small and inexpensive part out of the manufacturing process. The omission saved the company only pennies per truck. However, had the part been included originally, it would have prevented gasoline from slipping back onto a hot manifold and possibly causing a fire.

The end result, of course, was a series of fires. Lawsuits followed, along with the expense of attorneys' fees and court costs. Finally, the company was forced to retrofit each truck with the part it had originally left out. Did the corporate culture place profits at the expense of people's lives? We may never know for sure, but countless customers may come to that conclusion and will refuse to buy the automaker's products in the future. The company's ethereal energies were reflected in the decision to leave the part out, with disastrous consequences.

#### The Assessing Stage

(continued from page 5)

ethical standards of an organization's people are often defined by the standards of the leader. In other words, if leaders demonstrate low ethical standards, other people will follow suit and sink to those standards. The opposite is also true. People will rise to the high standards of highly ethical leader.

Every internal assessment should also include a look at the company's culture. A questionnaire to employees and managers covering issues such as the ability to trust the leadership, level of feedback, past or future orientation and comfort with change will help assess the culture of your company.

In sum, vision, values, ethics and culture make up the ethereal realm of the company. The ethereal realm manifests itself through the morale of the organization.

When morale is high, people show high productivity and creativity and solve problems easily. When morale is low, people struggle. The vision, values, ethics and culture of an organization determine the quality of its strategies and processes, and ultimately of its products and services.

#### The Material Realm

At the same time that you are assessing your company's ethereal realm — its vision, values, ethics and culture — you must also assess your company's strategies, processes, products and services. This is your company's

material realm.

Start with your mission statement. It describes how your company intends to make its vision into reality. It outlines the strategic direction in which the company will focus its energies. Once the strategic direction has been identified, work processes are developed to implement these strategies. These work processes in turn deliver the products and services the company offers.

#### Is a Partner Needed?

Assessing your company's vision, ethics, values and culture — the ethereal realm — and your company's strategies, processes, products and services — its material realm — gives your company an updated view of what it is and where it is going. It will force the company to look at its vision for the future — and what it can and should accomplish in the years to come.

The next step is to determine whether a partner is needed to achieve that future.

Perhaps there are available internal resources to achieve the vision identified in the self-assessment. If the resources are available, the company may simply need to work on internal partnerships to better utilize those strengths. If appropriate resources aren't available within, the next logical step is to seek out a partner with the resources needed. The choice to seek partnership is not an easy one nor should it be undertaken lightly. Many companies will chose to go it alone rather than look for a partner. ■

#### The Exploring Stage

If your assessment revealed that you were ready for a partner, it's time to find one. You are now ready to enter the next stage of partnership development: the *exploring* stage.

The original assessment team should brainstorm as comprehensive a list of potential partners as possible. Build a matrix to help you visualize how each potential partner could satisfy your needs. In other words, list all your needs and check off whether and how each potential partner can meet the need.

Next, contact the companies you're interested in and be open with them about your needs. But just as important, find out what their needs are and how you can fill them. To sell a partnership, you have to identify what you can offer the potential partner.

A partner compatibility analysis is also important. Ask questions about the visions, values, ethics and cultures of potential partners. Also, what type of relationships and partnerships do they now have and how well have those partnerships been working? What strategies

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### The Exploring Stage

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are they following to achieve their vision? These are some of the questions that will help identify a compatible partner.

Once you've identified the right partner, the next step is to secure commitments to work together. This commitment should be in writing. Include the reasons for the partnership, the scope of the commitment, its duration and the expected benefits for both parties. ■

### The Initiating Stage

Once a partner has agreed to proceed with a project, you are ready to move onto the next stage of partnership development: the *initiating* stage. In this stage, you need to create the right atmosphere of trust, or it will never work.

#### Assuring Success With Accountability

For a partnership to work, both parties must be accountable to each other. Assure this by creating an appropriate partnership agreement. The agreement must cover the following areas:

- **Definition of the areas of interest for the initial activity, whether that will be marketing, sales, or product development.** Brainstorm a list of joint activities, and agree on one to start the relationship.
- **Document the start and stop of the activity, and set the boundaries.** There may be things the partnership should not try to accomplish yet.
- **Decide who will do what among the partners.**
- **Agree on what style decision-making will take**
- **Gain consensus on the strategy for resolving conflicts that arise.**
- **Allocate resources contributions and commitments in writing.**
- **Create evaluation criteria for both the initial project and relationship development.**
- **Define the expected outcome of the initial activity.**

Consider what happened when American astronaut Andy Thomas spent time living aboard the Russian MIR space station. He did not speak Russian very well, having only mastered the technical terms he absolutely needed. As a result, he was unable to establish any kind of meaningful personal relationships on board. The trip was a failure despite the clear goals and expectations that had been set for the partnership. When American astronaut Shannon Lucid, who spoke Russian, came onboard, she had no trouble establishing good rapport with the Russian crew. That partnership worked far better.

To make a new partnership work, take the time to get to know the partners. Building a partnership always takes longer than people anticipate. Therefore, you need to plan time for relationship development. Focus on team building exercises to cement the relationship. Make sure key leadership is there to kick off initial activities. If it isn't, you send the unconscious message that the partnership is not important.

Also, agree to partner in a small way first. That way, you can assess early on whether the relationship can work long term or should be abandoned.

Once you and your business partner have completed the initial joint project, it is time to assess the project and the continuation of the partnership. Remember that the first project was a trial run to see if the partnership can develop and evolve. There are three options available.

First, you can decide to abandon the partnership altogether. If the initial project proved too painful, unproductive, stressful or disappointing, abandon the effort and look elsewhere for more promising partnership material.

The second option is to take the information gleaned from the first project, and redesign the next activity together. Partners who still want to work together can revise goals, adjust responsibilities and redouble their efforts to accomplish worthwhile goals together.

The last option is to move on to a greater investment in the partnership. If all went well, and the partner is willing, commit greater resources to the joint efforts.

Launch an initial project that is almost guaranteed to succeed. It must be a win-win proposition. An example of this principle at work is what happened in Washington, D.C. when Lockheed Martin agreed to take over the maintenance and repair of city's parking meters before the partnership between the city and Lockheed, the city was losing revenue every time a meter sat broken. Lockheed agreed to repair and maintain the meters in exchange for a share of the increased revenues. As a

(continued on page 8)

### The Initiating Stage

(continued from page 7)

result, both parties won. The city got meters in good repair and more revenue, and Lockheed got a cut of the collections and chances to bid on future work. ■

### The Committing Stage

Once you've made the decision to move to the last stage of partnership development, the *committing* stage, the only task left to achieve full partnership is a joint strategic planning session. In this session, you solidify your future vision, spelling out the plans and how the two of you will achieve that vision together.

For example, KLM and Northwest Airlines do joint strategic planning for their marketing of the flight schedules. Coca-Cola and McDonald's joint strategic planning enables them to launch promotional activities.

The commitment to the partnership is further reinforced in the committing stage through the sharing of information and resources. As full partners, you should be ready to invest in the success of the other. For example, a french-fry producer liked the potatoes of a certain farmer in Idaho. However, the farmer did not have enough land to grow the number of potatoes required by the producer. The producer bought a nearby parcel of land and gave it to the farmer to use. After ten years, the land would become the farmer's property. Both sides of the partnership benefited. The producer increased his supply of potatoes, the farmer increased his production. ■

### Case Study in Partnership: A True Story

Marty and Jean were employees at a large convention hotel in Minneapolis. Marty was maintenance supervisor and Jean was head of housekeeping. Marty had a staff of forty house engineers responsible for building maintenances and Jean managed about 100 housekeepers.

Neither Marty nor Jean could get along with each other. Separately they complained to the general manager. A major (and long-standing) source of conflict was Jean's contention that when the maintenance staff worked in a room, they didn't clean up after themselves. Thus, Jean's housecleaning staff had to completely redo the room. In addition, Marty and Jean disliked each other personally. Jean felt Marty was a bully; Marty felt Jean was oversensitive. Attempts by the hotel manager to resolve the disagreements

between the two staffs and their leaders were unsuccessful. The manager asked author Dent for help.

### The Assessing Stage

Dent began by meeting separately with Jean and Marty to understand their responsibilities and tasks. He then called them in together and asked each of them to explain their vision of what they wanted to accomplish for the hotel's guests. Their respective visions being similar, a joint vision was quickly reached: to assure that the guests had an orderly room and that everything worked.

Next came a detailed discussion on how each scheduled and accomplished their tasks. A scheduling problem was quickly revealed: There was no coordination between cleaning the rooms and maintenance work.

### The Initiating Stage

Jean and Marty developed an Agreement between Partners Checklist. Among the items on the checklist were agreements to coordinate the activities between maintenance and housekeeping (specifically by reviewing the schedule of rooms to be maintained and coordinating the maintenance and housekeeping rounds); to work on conflicts with a win-win attitude; to use a weekly report of the number of rooms cleaned before maintenance as a measure of their partnership development success; and to use the number of times they met per week and the number of times an unresolved conflict forced them to go to the manager as two measures of their relationship development success.

Over the next month, 237 out of 240 maintenance calls were taken care of before housekeeping had cleaned the room. And they were meeting at least once a day.

### The Exploring Stage

There was no need for a search for partners; the two knew that they were the ones who had to work together. However, Dent asked them to complete a compatibility analysis as a team-building exercise. The result: an agreement that they both needed to work on the relationship.

### The Committing Stage

The initial activity between housekeeping and maintenance was so successful that Marty and Jean decided to expand their partnership. Some of the ideas discussed included ways maintenance could help housekeeping move heavy objects, discussions about the installation of low-maintenance bathroom accessories and helping in the laundry service. One example: maintenance found a way to attach various housekeeping implements to the housekeeper's service cart that required less lifting and the reduced the number of back strains. ■