Trend Toward Partnering

Partnering is the process of two or more entities coming together for the purpose of developing synergistic solutions to their challenges. For the individual, PartnerShift is the process of changing your internal belief system toward that of cooperation. For an organization, PartnerShift is a change in corporate culture. This movement must occur throughout your organization, from the executive suite to the newest hire. Each shift is equally challenging, but from different windows. This book offers you a unique window to increased business success through cooperation. Additionally, if you read between the lines, you will discover it is also about you personally and your relationships.

Globalization is the primary driver of business Partnering. Large multinational companies are building alliance relationships to gobble up market shares in every conceivable industry and location. Large families of businesses are competing against one another. Consequently, smaller organizations feel the pressure and the Partnering trend becomes monkeys see, monkeys do. A secondary driver is based on the fact that organizations generally adopt a new paradigm based on the recommendations of others. Change evolves through one’s witnessing the success of others. Organizations and leaders with strong reputations within an industry or economy have immense influence over their contemporaries.

“Because trends have clear direction, instead of causing turbulence, they actually help reduce it because they have a significant amount of predictability,” states Joel Barker in Future Edge. As new ideas enter a business community’s consciousness, there is also a necessity for some time-honored ideas to be rejected. Partnering is shattering traditional paradigms about how to do business. As Partnering activities increase, Partnering becomes more acceptable and adversarial relationships become less acceptable. Even an American Bar Association commission, as was reported in the Los Angeles
Times, is recommending that attorneys be allowed to share fees and form partnerships with professionals from other fields, such as accounting, engineering, and psychiatry.2

While I have witnessed many companies profit handsomely from alliance relationships, I have also seen them scramble to get on the Partnering bandwagon with little regard for the quality of partners they select. Admirable businesses like Timex have discovered that the wrong partner can cost millions of dollars. Chapter 3 on Partnering Pitfalls reveals many Partnering challenges and how to overcome them. Creating successful Partnering alliances and making them pay off in terms of increased market share, know-how, or earnings diversification is no easy chore.

In the first edition of this book, The Art of Partnering (1994), I shared the framework of Partnering and why it is important. My goal for that book was to convince business leaders that Partnering was their preferred business paradigm. In PartnerShift, I will expand this idea further and help you to make Partnering painless. Along with finding out why Partnering should be your modus operandi for the third millennium, you will also learn the processes necessary to PartnerShift yourself and your organization toward Partnering success. What is PartnerShift really? It is your process for getting where you are now to where you want to be in building alliance relationships.

WHAT IS PARTNERING?

Partnering is a higher level of business relationships. It goes beyond you scratch my back and I’ll scratch yours. Partnering is also more than traditional transactional relationships. Partnering relationships can take many forms. Be cautious, though; Partnering and partnership are two completely different animals and should be treated as such. While a partnership is a legal term, a Partnering activity might simply mean working together to develop and market a product or service. The key distinction between partnership and Partnering is that in Partnering a formal agreement, while recommended, isn’t always necessary. Partnering truly is a paradigm or belief, a successful method for conducting business.

In an age of fierce global competition, the trust developed in Partnering fosters a new spirit of cooperation. This spirit is afloat in today’s business environment. It is noticeable in business relationships from the time-honored handshake kind to the more formal multimillion or multibillion-dollar contractual agreements. Unfortunately, even with a contract, those who operate from an adversarial paradigm, find that contractual enforcement can be too costly.

Cooperative Partnering relationships range from a simple cross-promotion to a handshake Partnering agreement to a formal strategic alliance or joint venture to mergers, acquisitions, and partnerships. The basic difference separating
these relationships is the level of formality and organizational control. In more simple alliance relationships, both companies retain their independence, structure, culture, and chain of command. In an alliance, the members cooperate on a limited basis. They pool the necessary resources, usually their core competencies, to synergistically confront a specific situation, product, or market. In a merger, control is an important issue. In an acquisition, blending is unlikely. One is subservient to the other and is gobbled up.

*Beyond Computing* magazine stated in a recent issue that, “It’s hard to find a precise synonym for the word partnership. Association, affiliation, even collaborations don’t convey the richness of a Partnering relationship.” Robert Decker, Chief Operating Officer (COO) for Bank of America Investment Management says, “Partnering means that you treat someone as an equal member of the team. After all, it’s in everyone’s best interest to make sure that the relationship works correctly and fairly.” Chris LaBonte, materials manager for G&F Industries, a custom injection molder, says this about Partnering with customers: “It’s a fresh, nontraditional relationship based on trust. After people get comfortable in their Partnering, they start turning up rocks that wouldn’t have been turned up and revealing causes that were sacred cows.”

David Roux of Silver Lake Partners, a $2.3 billion leveraged-buyout tech fund, says, “In some ways, joint venture is an old-fashioned term. Traditionally, a joint venture . . . was a weird sort of organizational mongrel of modern Corporate America. It didn’t have a good rap. It didn’t get good people. But I think there’s a whole method of cooperation that has evolved beyond that. They have transformed themselves to many more flavors and subtleties than the old joint venture.”

Partnering is “a relationship which occurs when two or more people voluntarily commit to help each other as part of achieving what each wants to achieve, independently,” says Roger B. Tompkins, former vice president, California for State Farm. This is accomplished through Partnering elements. According to Tompkins some of the necessary elements are:

- The sense of a singular circle of interests, arising out of mutual goals
- The knowledge of the circle of interests of another, which one perceives to overlap his/her own
- A voluntary effort to work together to seek ways to accomplish both sets of goals

Miles Gordon, founder of Financial Network Investment, states his philosophy about the people with whom he partners. They are, “People that you want to do business with because it is a mutually advantageous, win/win position. Whether that be other employees, other representatives, other suppliers or other persons that are tangentially related to our business like lawyers and accountants.”
TREND TOWARD PARTNERING

I suggest you view Partnering activities as occupying some place on a continuum. See various Partnering activities and relationships as more representative of a rainbow of colors, rather than black or white. Then you will begin to recognize the many possibilities if you expand your thinking out of the traditional box. Faith Popcorn, in *The Popcorn Report*, said, “The trouble in corporate America is that too many people with too much power live in a box (their home), then travel the same road every day to another box (their office). They rarely turn on the TV, because they’re swamped with paperwork. And they rarely even scan every page of their newspaper, because they’re too consumed with yet a third box, their In-box.”

“If you want a simplistic answer [about Partnering], a vendor is somebody who makes something to their specifications and sells them to whomever,” declares Jim Rutherford, manager of marketing communications at Steelcase. He continues, “A strategic alliance is somebody that you’re taking advantage of their strengths and they’re taking advantage of your strengths. But it’s still an arms length transaction. A partner is where you’re working together to provide value to a common customer.”

TWO PARADIGMS OF PARTNERING

There are basically two paradigms of Partnering. The first approach I call *Cotton Candy Partnering*. Like cotton candy you buy at a fair, it looks good and tastes good. But it is mostly fluff and dissolves too quickly when you pop it into your mouth. Like cotton candy, this type of Partnering has very little substance or staying power.

The second approach is what I call *Integrity Partnering*. This is the type of Partnering that will help you to profit from the Partnering trend. Innovative leaders in a wide array of industries embrace *Integrity Partnering*. This type of Partnering is clearly on the increase. A person who partners with integrity is the kind of person you want to be and with whom you want to partner. Integrity partners continually seek superior approaches to make their business or company even more successful than it already is. “You can’t put frosting on a cake made of manure!” says Roger Tompkins of State Farm. State Farm is the largest insurer of auto and homeowner’s policies in the United States, with earned premiums in 1998 at $37.4 billion, up from $26 billion in 1990. Tompkins’ belief is that integrity and responsibility form the basis of successful Partnering.

For the practitioner of *Integrity Partnering*, synergy is a force for action. This is because Partnering, in addition to being an activity, is a mind-set. The Partnering Paradigm is a place where management, marketing, and philosophy meet. This mind-set is best viewed as a paradigm,
one that will deliver many benefits if integrated into your business operations. As you adopt Partnering, successful synergistic alliances will become your hallmark.

Synergism is the feature of Partnering that generates the benefits you seek. Partnering synergism, though it takes some work at the outset, is what is going to make your life happier, healthier, and more fulfilling through the satisfaction of doing more than you thought possible. This is what the construction industry discovered in the late 1980s and early 1990s. To illustrate this, a recent California legal briefs’ article, published by the Associated General Contractors of America, stated that Partnering is used by Caltrans, the Corps of Engineers, Washington state and Arizona state departments of transportation, and BART (San Francisco/Bay Area Rapid Transportation). The following have expressed interest in the concept: Bureau of Reclamation, Oakland, Sacramento, Contra Costa Public Works, East Bay MUD, Port of Oakland, Santa Cruz County Public Works, Unocal, Granite Construction, Bechtel, Black & Veatch, Dillingham, Hensel Phelps, Lockheed Missile/Space Systems, O’Brien-Kreitzberg, and Teichert.

REASONS FOR PARTNERING: WHAT’S IN IT FOR YOU?

The reasons for building Partnering alliances are numerous. Many become apparent as you learn to understand the benefits of entering into synergistic alliances. This is true, regardless of the size of your company. The 16 most common reasons for Partnering are:

1. Research and technology sharing that small businesses cannot afford
2. Knowledge and skills sharing
3. Preservation of capital
4. Increased sales and marketing performance
5. Increased distribution
6. Increased market share
7. Buying parity within an industry, competing against much larger organizations
8. Serving national customers
9. Increasing your service capabilities
10. Fending off competition, including new competitors or much larger competitors
11. Risk sharing
12. Procurement and inventory control
13. Ability to focus on core business
14. Gain expertise without increasing fixed payroll
15. Turn other fixed costs into nonfixed costs
16. Increased purchasing power and enlarged economies of scale

Additional Partnering advantages are:

- To receive a technological contribution or possibly a technological edge in your industry like the alliance between IBM and Apple to develop a new computer operating system that allows both hardware formats to communicate, or like Nynex and Philips Electronics who joined to develop screen telephones for residential use.
- Additional business to justify operating a production facility.
- Access to new markets both domestic and international. Copeland Corporation joined with the largest compressor manufacturer in India, Kirloskar, to bring air conditioning to a growing middle class.
- To differentiate oneself from the competition. Steelcase’s alliance with Peerless Lighting to offer state-of-the-art office lighting has done just that. “I estimated that this lighting system could bring Steelcase anywhere from $15 to $35 million in additional furniture sales [yearly] just because we have it,” suggests Steve Eldersveld, marketing, architectural products at Steelcase. This is extra furniture business, not including the additional dollars received from the light fixture billings.
- Partnering in a poor economy or recession makes good sense, especially when sales are flat and prices are deflating. Continental is accessing optical industry consumers by Partnering with Swan Optical, an industry supplier, to increase business through an air travel discount certificate program for purchasers of optical frames supplied by Swan Optical.
- Competition from nontraditional sources through Partnering. You can be the creator. Bank of America and Wells Fargo are locating branch offices in suburban supermarkets. They are making consumers’ lives easier by reducing the amount of their daily running around. Also, Avon is experimenting with Warnaco by including bras and sleepwear under the Warners, Fruit of the Loom, and Scaasi labels through its door-to-door sales force. Wal-Mart is Partnering with McDonalds. In Wal-Mart’s Oxnard, California store, proudly displayed signs on the store’s entrance doors announce, McDonald’s inside. Inside, sitting on a bench to greet customers (just around the corner from the inside-the-store McDonald’s walk-up), is a life-sized Ronald McDonald.
- Rather than owning and operating a manufacturing plant, a synergistic Partnering agreement allows you to have elements of your product or the entire product built in plants (owned by others or in joint venture) with up-to-date technology. This is the idea behind the
Donnelly Corporation and its venture with Applied Films Laboratory for manufacturing and supplying the world market in display coated glass for liquid crystal displays (LCDs).

- Just-in-time inventory purchasing and supplying as exemplified by the much-talked-about relationship between Wal-Mart and Procter & Gamble.
- Greater consistency in parts supplies, semi-assembled, and completed products, as will be detailed later in Steelcase’s supplier certification program (see Chapter 5).
- “The big benefit of Partnering,” says Jim Eisenhart, president of Ventura Consulting Group, “is it puts pleasure and fun back into [construction] business.” People are now open to Partnering because they recognize the limits of old paradigms, adversarial especially in the context of global competition.”
- The Arizona and California Departments of Transportation have so successfully discovered that the Partnering approach benefits many industries’ experience, especially the construction industry, by eliminating the tangle of claims, litigation, and adversarial relationships through a concept of cooperation throughout the life of a project. Benchmarking (companies sharing information on what they do best), especially in the aerospace industry, has shown increased productivity and decreased costs across the board.

Additionally, you’ll find that Partnering can provide the benefit of positioning for future needs not yet known to you or your industry. For example, a lead-user firm is one whose present needs reflect its segment’s needs in future months or years. Through Partnering, a company can assist another to leapfrog its current industry leaders. This is possible through cooperating with newer firms more willing to pursue a riskier development strategy to gain market shares. This strategy can aid companies, large and small, in more rapidly and efficiently reaching their collective goals.

Further Partnering benefits include complementing individual skill sets through cooperative alliances, pooling of resources, economies of scale, financial stability, and bundling of a partner’s goods and services. An example is that of snack manufacturers mixing two nationally known names and logos on a single product (cobranding). An example of this is Betty Crocker’s Soda-Licious, soda in fruit snacks, made with 7UP and 7UP Cherry.

Ultimately, the benefit for you in Partnering with others is for solutions to your challenges. These solutions can be developed in all areas of your business previously mentioned. It’s rare that a company can be all things to all people. Yet, through Partnering, you will get much closer. However, be sure you understand what it is that you are trying to get out of each of your Partnering efforts!
A NEW BELIEF

Partnering is more than just another in the continual parade of management plans and impulses. While Partnering is not an instant panacea to the setbacks and challenges that American business faces today, Partnering does offer results. In 1496, just a few years after Christopher Columbus discovered the New World and shattered conventional wisdom about the known world being flat, Nicholas Copernicus (the founder of modern astronomy) enrolled in the University of Bologna as a student of canon law. Privately, Copernicus pursued his interest in astronomy, making his earliest recorded observation in 1497. Some time before May 1, 1514, he wrote the first draft of his new astronomical system, De hypothesibus motuum coelestium a se constitutis commentarious and discreetly circulated a few manuscript copies among trusted friends—challenging our place in the universe.

In the same spirit, I challenge your business paradigm, your belief of how modern business is to be conducted. It is not just a challenge, but also a gift to you of an alternative business paradigm for success—Partnering. Copernicus received excommunication from the Catholic church for boldly pushing the limits. For modern day heroes also, it takes putting your reputation on the line to effectively create change. Are you willing to do the same? What’s it going to take to get you and/or your company to change? In 1992 the Pope reversed the order of excommunication against Copernicus. Sometimes it takes time for people to believe.

Why is there a need for a new business belief? To succeed, you must accept new ideas when they serve your goals. Your business relationships will mean success or failure as the new millennium unfolds. Most of all though, it’s time! Time for a paradigm that is realistic and can assist goal achievement—whether entrepreneurial or corporate. Joel Barker in Future Edge says, “You don’t have to be a paradigm shifter to get all the advantages. Just being a paradigm pioneer is sufficient.”

A most important lesson I learned is that people want to feel good about themselves and will do what it takes to get to that place. Partnering, as I have defined it, will do this because an equality of partners is developed, while position, power, and prestige are allowed to stay intact. Today there is much talk about empowerment but, unfortunately, many people of position power (authority based in their title) believe their power must diminish at the same rate that power is given to others. This is completely untrue. The giving of power creates more power and this class of power is the most powerful of all—it’s personal power (ability to influence others because of whom you are)! When people want to partner with you . . . that’s personal power. When you want to partner with others, you also increase this personal power.

Pamela Coker, founder, president, and CEO of Acucobol stated in an issue of Nation’s Business, “Love your customers, employees, shareholders,
vendors, and community—in that order—and the profits will follow."\textsuperscript{14} She believes her Partnering philosophy has elevated Acucobol from a startup company of six people to an international software company with annual sales soaring to more than $4 million in 40 months. After the company’s initial year of operation, profits began and have continued to flow since.

Another important area for Partnering success is in departments getting along with other departments and working together for the good of the entire company. Successful internal or interdepartmental Partnering will play a key role in your external Partnering success. Just think how much better you could partner with your customers and employees if your employees partnered with each other. Internal politics is a fatal flaw that many companies must overcome.

All sectors, public and private, are now slowly discovering that it is more cost effective to develop a win-win business relationship than to constantly make expensive changes for a penny or two savings. Sure, everybody wants great prices and unsurpassed service. Yet, many are finding that to get both, a Partnering relationship must be developed. These relationships were Sam Walton’s (founder of Wal-Mart) paradigm of success. He knew they didn’t happen overnight. He was the retail sector’s embodied proof of the value of Partnering. Walton referred to and treated all employees as associates, and early in the company’s history he saw to it that the associates shared in the profits.

\textbf{TOTAL ORGANIZATIONAL PARTNERING}

In his paper, \textit{Commentariolus}, Copernicus disputed the astronomical system which had dominated Western thought since the days of Aristotle and Ptolemy. Copernicus held that the earth was not the center of the universe. We revolve about the sun like any other planet, said Copernicus, assigning the earth to its rightful place in the cosmos. Apply this to Partnering and you will see that the organization and its owner and/or executives are not at the center of the business formula. Rather, there is a need for total organizational Partnering in every company.

An executive may argue that, “Without me and/or my company, there’s no need for employees, suppliers, and customers.” Today, business is global or globally effected. The business environment has changed; you would be less than successful attempting to move forward using old paradigms.

Copernicus was not the first to assert the motion of the earth. Two Pythagoreans, Philolaus and Echphantus, were credited by Copernicus with providing the genesis of his work. Similarly, this book is not the first to suggest Partnering. But, by identifying the five primary areas for outrageously successful business relationships, this book recommends that you, too, can discover the
connection each has to the other. This is Total Organizational Partnering. The connection is more simply called the Partnering Pentad. Throughout the rest of this book, the elements necessary to build your own pentad will be demonstrated as a model, in consideration of the Copernican universe.

DEVELOP YOUR PARTNERING PENTAD

The Partnering Pentad consists of the following integral members: strategic external Partnering alliances, supplier alliances, customer alliances, employee alliances, and you, the executive, becoming the optimal partner that leads and guides the symphony. See yourself more as a conductor than a general. You must focus both on the pentad idea in its entirety and on the individual elements. Together, the pentad is a wonderful symphony but individually, each member is incomplete. Growing in only one area at the cost of limited growth in the other areas will not serve your efforts.

A business, like the human body, has many parts: The brain might equate to the executive suite, the hands could parallel manufacturing, and a good argument could be given as to why the feet are similar to sales and marketing. The other organs and body parts could also be equated to business functions. Fingernails might represent overgrown, deadwood employees and equipment, which must be clipped. The collective body parts and organs are necessary parts of the whole. As you know, your body does not operate as efficiently as possible without all the pieces.

The Partnering Pentad idea functions under the same belief—a company and all of its parts must perform their functions, keeping in mind how independent actions affect the other parts. For years, interdepartmental cooperation has been merely an idea and nothing more, similar to cotton candy Partnering. Think of it as eating something you are allergic to just to satisfy a need—it’s the same principal when one department knowingly does something that will have an adverse consequence to another department.

Integrity Partnering is as much the answer to successful internal cooperation as it is to external alliances. No company can succeed if its inner workings are being ripped apart at the seams by distrust, individual protectionism, and poor communications. Examples of this destruction are too easy to find—possibly as easy as looking at your own company.

“Something you have to pay close attention to, like setting up a strategic alliance with another company, you can’t just negotiate an agreement with someone at my level and then just walk away and say, ‘Well, gee, we have our alliance in place.’ Dwane Baumgardner at Donnelly continues, “It requires constant attention to make it work—any kind of relationship. It’s the same with employees. It requires hard work, a continued struggle. That’s part of working together and trying to improve, however it doesn’t always go
smooth. Also, with other companies, one of the things we always do is have a specific individual that we identify with internally. We constantly think about and maintain contact with this person.”

Internal and external cooperation is necessary for successful adaptation of Partnering principles. Though many large and rigid companies are looking at Partnering possibilities, integrated companies like SMTEK enjoy higher productivity and lower production costs than many of their giant competitor/customers like Hughes Aircraft, Litton Industries, and Martin Marietta. Integration is accomplished through the interdependence of all departments rather than dependence or independence. Greg Horton, founder and CEO of SMTEK uses the term “competitor/customer” because many times he competes with his customer’s engineering departments for design contracts (where the profit is). Horton’s state-of-the-art robotics production line can produce surface mount technology electronic modules more cost-effectively than many of his gigantic customers. Obtaining production contracts gives him access to key design contract decision-makers.

Developing products and services, along with marketing efforts, is hard enough without having unneeded hurdles to overcome. Partnering is not only an activity but also a mind-set. Partnering is a place where marketing, management, and philosophy meet. Integrated companies also include the marketing department in all aspects of product development and manufacture. The reason for this is that you can be the best at developing and producing a cost-effective product that absolutely nobody wants. As with bringing in the marketing department from a product’s conception for the purpose of making it more marketable, this book will show you how to partner as a whole and complete business—while staying aware of the specific needs of the relationships in your Partnering pentad.

THE INTERNET

The Internet is quickly rendering some companies and services obsolete. While you may still fear the Internet because your understanding is weak, others are moving forward forging alliances and accessing its potential. “The ultimate goal is to move all core capabilities online, creating a super-efficient organization that leverages the Internet in every part of its business,” said Michael Dell, chairman of Dell. (www.dell.com). Michael Dell started his company in a Texas dorm in 1984. By 1990, sales hit $360 million. In 1999, Dell enjoyed the top supplier position of desktop systems to large and medium-sized U.S. businesses, government, and education with 1999 sales of $25.3 billion and 36,500 employees in 34 countries. Dell also achieved the number two position in worldwide PC server shipment market share in the third quarter of 1999, according to International Data Corporation (IDC), surging past IBM
and narrowing the gap with Compaq. Customers have continued to vote for Dell with their purchasing dollars.

“The Internet must become your business,” says Dell. “The use of the Internet throughout the business will be what ultimately distinguishes successful firms in all industries,” he continues. “In the future, there will be no distinction between dot-com and traditional businesses, just winners and losers. Internet strategies that focus on speed, efficiency, and customer experience will mark the winners.” You will want to explore Internet possibilities and alliances for your business.

PARTNERING IN ACTION

Partnering activities are occurring in virtually every business sector in North America and increasingly so in nonprofit organizations, too. Entire industries are Partnering to change customers’ perceptions, similar to the way the recreational vehicle industry changed attitudes with its Go RVing campaign. This was made possible because of an alliance between the Recreational Vehicle Industry Association (RVIA) comprised of manufacturers and the Recreational Vehicle Dealers Association (RVDA). The natural foods industry (herbs, remedies, and supplements) that is guided by the National Nutritional Foods Association (NNFA) is Partnering to cause the federal government to enact legislation. Geographical members of the burglar and fire alarm industry partner to pay for lobbyists to help them have a say in telephone area code change schedules in many metropolitan areas.

Frequently, for-profit business entities will partner with their local community or nonprofit organizations to do good works and increase their perceived partnership positioning strategy. For example, outside Banff National Park in Alberta, Canada, a project to clean up and upgrade Canmore Creek resulted from a rare alliance between the provincial government, Wood’s Bow Valley Habitat Development Company, Golder Associates, the town of Canmore, and TransAlta Utilities. Among several improvement aspects of the project, 5,600 brook trout were relocated into the area.

In 1998, the provincial government partnered with six local craft breweries in Southern Ontario to launch Canada’s first Ale Trail. The alliance was designed to lure American tourists to the province. Several weekend activities were created for the tourists. Additionally, a passport was available each weekend. Tourists were encouraged to visit all six breweries and get their passport stamped. Once they visited all six, they received a free poster titled, Discover the Craft of Brewing.

In several ways United Airlines is Partnering at 30,000 feet and at sea level. First, it was partnered with McDonald’s in an exclusive alliance to offer younger passengers a McDonald’s kids meal alternative. The relationship
with Starbucks developed after United’s customers complained so bitterly about the quality of the in-flight coffee that United approached Starbucks to partner with them in solving the problem. United also partners with rival Delta in frequent flyer cross-promotion, allowing travelers to fly either airline and earn miles in the programs of either one. United has also developed a Partnering alliance with almost all the major hotel chains and car rental companies, not to mention MCI (MCI partners with everyone under the sun, too) and others offering just about anything else you want in allowing customers to earn United’s frequent flyer miles. Most impressive is United’s Star Alliance. The company has built an alliance with many of its competitors for code sharing and worldwide destination coverage. Currently in the Star Alliance with United are Air Canada, Air New Zealand, All Nippon Airways, Ansett Australia, Lufthansa, SAS, THAI, VARIG, and the newest member, Mexicana.

On a lesser scale, Helen Chavez Hansen at La Tapatia Tortilleria in Fresno, California, manufactures tortillas. She, like thousands of other business owners in North America, has found the value to her business in Partnering with competitors. She developed a Partnering alliance with two competitors, El Aguila in Salinas, California and Tia Rosa in Sacramento, California to serve a large regional grocery chain. All the partners produce, package, and deliver the same specially formulated private label tortillas to the customer. And, as a bonus, each also delivers its own brand to the stores it services, thereby getting double the business. Throughout this book you will read about Partnering in action and how to make the Partnering Paradigm work for you.

WHAT’S NEEDED TO MAKE PARTNERING WORK?

Financial Network Investment Corporation (FNIC) has built its success on a Partnering foundation. From the beginning when Miles Gordon, CEO, partnered with others to develop the network of independent securities brokers/dealers, to its present status as one of the largest financial networks in the United States, the Partnering conviction has remained part of the fabric of the company’s culture.

Gordon recommends, “Choose your people carefully. Choosing your people is probably the most important thing. In any of the different lines—it cuts across all the lines. Within our own system, the optimal—if you have a good representative, good manager, good regional director, it works out well. Where you don’t, it typically has not worked out well. With a vendor, this is clearly the case. Synergistically, whether it is an accountant, lawyers, brokers of other industries, some mortgage brokers, a real estate broker, know the people. If you have good people over there, they will attract good people.”

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Steelcase is the world’s preeminent designer and manufacturer of products used to create high-performance work environments. Founded in 1912, Steelcase helps individuals and organizations worldwide to work more effectively. The company has led the office furniture industry in sales every year since 1974.

Fiscal 1999 worldwide net sales, including unconsolidated joint ventures, were in excess of $3 billion. Steelcase, its subsidiaries, and joint ventures have 20 million square feet of facilities, 20,000 employees, and 650 independent dealers around the world. Partnering has been at the core of its corporate culture as long as anybody can remember. In fact, its dealer network is based on a handshake agreement.

Roger Choquette, vice president of Dealer Alliances at Steelcase (until the mid-1990s) was responsible for the departments that provide services to the company’s 500 independently owned and operated dealerships (synergistic alliances) in North America, and is the first in his position to hold the title of Vice President. Choquette shared his feelings about Partnering:

When we specifically talk about Steelcase and you begin to explore the concept of Partnering, I think we are basically talking about an alignment toward common goals that ultimately result in success and profitability in the marketplace for both of us. In other words, whatever we do together in the marketplace needs to be done in cognizance of the other party. We need to win together. We need to lose together. We can’t go into a situation and try to achieve something without thinking of the impact on the other partner.21

Today, Kim Gilpin has the position as Steelcase vice president of dealer and customer alliances. Recently he said, “My recommendations for quality Partnering relationships are fourfold;

1. Communication.
2. At every step keep your partners informed.
3. Have alignment.
4. Be honest as you move along. If there is a better way to do something or build something, let your partner know about it.”22

Cascade Engineering is a company that is an innovator in injection molded plastics. It produces goods for several industries, including automotive, furniture, and containers (using a 9,000-ton injection machine). Over the past decade the company has learned much about Partnering. Dave Barrett, Project Manager at Cascade retold a splendid story about a group of employees who wanted to partner with him when he was plant manager to develop a self-directed work team. Barrett has this to say about Partnering:

There’s got to be mutual respect; you can’t go in with a baseball bat, you can’t go in with the hammer down. You have to go in with the idea that you really
WHAT’S NEEDED TO MAKE PARTNERING WORK?

want to work with a group of people or an individual, not arm twisting until they conform—but rather very open.

Have something you’re attempting to accomplish—don’t just go in and say, “Hey, I’m here to partner with you.” It’s better to say, “Let’s sit down, we have this problem and we have a problem solving method that we’ve previously used to work through that sort of problem.” Of course you can state your expectations, but don’t do it in a demanding tone.\textsuperscript{23}

Jafra Cosmetics was founded in 1956 by Jan and Frank Day. The company’s cosmetics are sold in the United States and 13 countries, in Europe, Mexico, Central and South America through independent consultants. Worldwide, Jafra has more than 186,000 active, independent selling consultants, including 60,000 in the United States.

Pat Krupa Rugh, training director, Lineage Management says:

Everybody wants to feel important. When you understand that, then in any arena that you are dealing with a person, the most important thing is letting that person know that they are important. Important to your company, to the people in your family, that you have value and worth, and that you’re appreciated for every effort that you try.

I think to a manager’s staff in a corporation or to a district director, what she needs to give to her people is belief that they are valuable. A belief that they are important, belief that they matter, belief that every single time that they pick up the phone and get a “NO!” or rescheduling of their Jafra class that they still matter.

One reason that people don’t succeed is that they feel that it [their job] doesn’t matter to anybody. If they sell a product—who is it going to matter to? To the person who receives the product—it makes a difference in self-perception. It makes a difference to the person that starts doing Jafra because one of our consultants influenced her to join and it changes her life completely. I am—we are—in the business of changing lives.\textsuperscript{24}

Leon R. Slikkers started at Chris-Craft in the jointer department making cabin tops in 1946 and has been making boats ever since. Today, he, along with all four of his offspring, is part of the privately held S2 Yachts, Inc. The company has nearly 600,000 square feet of plant space at its 80-acre tract in Holland, Michigan, and a 20-acre site in Fort Pierce, Florida. The company is known for producing some of the highest quality yachts available worldwide.

David Slikkers, eldest son of Leon, is president and believes that Partnering with his customers and employees can make the difference in producing quality and turning a profit. When asked about Partnering with his suppliers, he thinks the suppliers to his industry are about three years behind in understanding his needs.

He says this about Partnering: “From a Partnering standpoint, I’d want to believe this is someone, the same as I, who has a vested interest in the outcome. In Partnering, I have to be willing to take on the responsibility of what a partner means and shoulder the responsibility on whatever project that
happens to be. Whether that means a particular task or building something—I’m going to have some responsibility because someone is going to be counting on me. And I, in turn, am going to lean on somebody else."25

Mitsubishi Motor Sales of America, Inc., commenced selling automobiles in the United States in 1982, selling 5,214 that year. Through a reputation for quality, style, high technology, and affordability, Mitsubishi grew to selling almost 200,000 cars in 1992. Though Japanese owned, the many Americans working there perceive themselves as an American company. The company has gone through some excruciating growing pains in its effort to become a company of vision. Based on my research, I believe Partnering is a large part of that vision.

Tom Benson, vice president of Service and Customer Management (retired, Fall 1993) of Mitsubishi shares what he thinks is the key to Partnering: “People pretty much operate based on their values. I think the key to Partnering is to somehow align the values. I’m not talking about ethics, but in order for a partnership to work people have to have a common understanding of values. I think maybe in the [automobile] dealerships of today—the values of the dealerships too often aren’t in line with the values of their customer. If I could somehow figure out how to align these values, then we could develop a partnership based on that common set of values.”26

PARADIGM INTRODUCTION

The introduction of a new paradigm or belief need not be difficult if approached with reason. Prove it to yourself with this simple test. Draw yourself a bath of lukewarm water, get in the tub, and relax. Next, open the water valve allowing only hot water into the tub. Let the hot water run for as long as you can stand the heat. Use a thermometer to record the water temperature. The next day, draw yourself a bath at that same maximum temperature. Chances are you will jump out of the tub—the water will be too hot for you. Why was it tolerable before? You had become accustomed to the change slowly. Eventually, you’ll ease into the tub—as it cools and you get acclimated to the heat. Similarly, people prefer to ease into change. Too much change, too quickly, can be fatal! Give yourself and all the people around you time to adjust to the “hot water” or shifting paradigm.

Partnering alliances are available for those who are willing to make available the necessary time commitment, be prepared for, and believe in, the power of Partnering. Being prepared is guaranteed to be a difficult endeavor and I assure you that as a result of reading this book you will have an earnest idea of what you can expect.

The time commitment is an absolute necessity in developing relationships, just as in any Partnering endeavor. Set your Partnering plan into play
and avoid the urge to change it before the plan has time to work. It’s up to you—the belief in Partnering. Be ready for ridicule from non-believers—it’s sure to come.

Doing business through a Partnering window will open up new possibilities for your management, production, and marketing strategy as well as your business as a whole. You will learn how to work with others for cost reductions while enjoying greater than ever exposure to your current market, as well as to other markets. You can succeed and you can do it with others. The basic concept is to make the pie bigger than ever before, and helping others as well as yourself to a bigger piece than previously believed possible. Embrace integrity Partnering and enjoy the dividends of your effective effort.

Roger Tompkins promotes the idea of overlapping areas of interest to increase Partnering success. Tompkins’ insights include:

- “The more closely the circles of interest overlap, the more likely the partnership is to succeed.
- The closer each treats the other as he or she would like to be treated in the same circumstances, the better the partnership works.”

DO NOT WAIT FOR PERFECTION

If you wait for things to be perfect, it’ll be too late. Your competition will do what you simply thought about. This dilemma has been called paralysis by analysis. Get started, get some momentum going, then pause for accuracy or course correction. Did you know that an experienced airline pilot will change course more than 400 times in flight from Los Angeles to Hawaii? It’s continuous, so don’t get discouraged if you get a little off-course once in a while.

I’ll share with you Dr. Terry Paulson’s Three P’s: Perfection, which leads to Procrastination, which leads to Paralysis. Don’t become paralyzed; you can’t make any money that way. As hockey star, Wayne Gretzky says, “You miss 100% of the shots you never take.”

Lee Iacocca says that 95 percent is good enough; if you wait for the last 5 percent to be just right, what you were working on becomes obsolete. Quality remains the goal by the time it reaches the customer, but getting started allows you to experience mistakes early, before they cost you.

Studying a challenge is usually considered to be strength. What happens when you study infinitum? Your perceived strength can also become a weakness. The result is what I just mentioned, lack of action. There’s one more consideration: Being perceived by your partners, peers, or superiors as not having the ability to make a decision can be costly in your business or career. The ability to make decisive and timely decisions is at the root of leadership. Being perceived by your industry as one who cannot is the kiss of
death. You will be excluded from new and exciting Partnering alliances because others will not think you can be depended upon.

Risk taking is also significant to Partnering; yet taking imprudent, irresponsible, and reckless risks puts the core value’s foundation in jeopardy. Early in my career, an executive would repeatedly say this to me about risk taking: “Ed, if you’re not making mistakes; I don’t need you because you’re not taking risks and learning. But, if you keep making the same mistakes I don’t need you because you’re not learning.” One of the great values you’ll receive from Partnering is access to the mistakes of others. This reduces your need to take uninformed risks.

I’m not suggesting you eliminate risk taking. I’m simply suggesting that you be smart in application. By eliminating needless risk, you will profit from the knowledge and experiences of both the successes and failures of your partners.

NOTES

DO NOT WAIT FOR PERFECTION


20. See note 7.
27. See note 6.