Optimizing Alliance Management

William Seidman
Michael McCauley

Introduction

Are some of your alliance managers consistently and systematically more effective than others?

If you are like most companies with critical strategic alliances, there is a wide difference between the capabilities of many of your alliance managers, and as a result, a wide difference in the performance and value of your alliances. Some alliance managers are able to regularly create and sustain great alliances. Unfortunately, many alliance managers are relatively ineffective and more often than not alliances quickly breakdown.

Now, imagine your alliances if every one of your alliance managers thinks, feels and acts like your top performers. Such alliance managers would ensure that critical management processes such as alignment, communication, productivity, and relationship development are efficiently managed, making it possible for all alliances to live up to their initial promise. Great alliance management would be incorporated into the fabric of the organization ensuring that every alliance created significant value.

This article examines the attitudes and behaviors of top performing alliance managers. More specifically, this article examines the actual behaviors that promote highly positive, mutually beneficial win-win relationships. It goes on to discuss the strategies for institutionalizing effective alliance management throughout the organization, including the use of newly emerging Digital Coach Technology as a means of enabling every alliance to perform at superior levels.

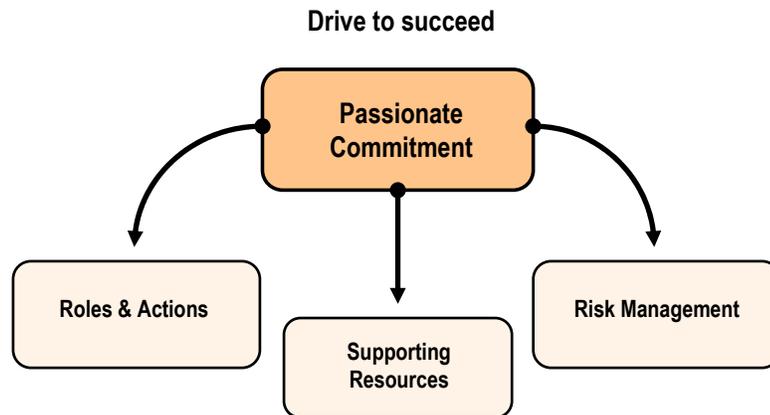## Top Performing Alliance Managers "Secret Sauce"

Frank Carroll, initially as Vice President of Manufacturing for Collagen Aesthetics, Inc. and later AlphaTherapuetics, is a top performing alliance manager. He has developed successful alliances to facilitate product development and manufacturing for a wide variety of biotech products ranging from the development of Botox to the replacement of filters in blood plasma manufacturing. Frank consistently displays many of the attributes of a great alliance manager.

Frank and other top performing alliance managers organize their attitudes, knowledge and behaviors into four main domains, each with a series of sub-domains (Figure1). The first and most important domain is their mental model or

Cerebyte, Inc.
Lake Oswego, OR
t: 888.355.0213
f: 503.624.1642
www.Cerebyte.com

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vision of the alliance. Similar in concept to Ertel's (2004) notion of "Start with the end in mind," top performers always have a more passionate and exciting vision of their alliance than less effective performers. This vision always includes an understanding of the social value of the alliance. For example, Frank thinks of an alliance as:

> *"A win-win relationship that leverages each partner's expertise and/or cost effectiveness to provide safe and effective products that enhance patients' quality of life."*

For top performers, alliances are always driven by a powerful, energizing mental model that stresses a positive social impact typical of the industry.

Drive to succeed

Figure 1: Alliance Managers' Secret Sauce

In sharp contrast, less effective alliance managers have a more tactical view of alliances. For example, less effective alliance managers in a semi-conductor manufacturing company focused more on "squeezing the vendor" than on creating a win-win relationship. The idea of an alliance contributing to significant social good would be completely foreign to their culture. Top performers always think of their alliances as creating immense overall value, while less effective managers *always* think of alliances more narrowly.

Naturally, because of the difference in the underlying framing of the alliance relationship, top performers do everything differently. They say different things to their alliance partners, structure the relationship differently and even sit in different places during alliance meetings. For example, one of the first things a top performing alliance manager asks their partner is: "How should we best use your capabilities?" They do not tell the partner what they want, as is typical for less effective performers, but ask the partner to think in terms of their own optimum contribution. They then describe how the partner can best use their capabilities. This exchange invariably leads to the discovery of perspectives, information, opportunities and understandings far beyond the more conventional approaches of pre-defined requirements. By grounding their behavior in a

socially powerful, win-win relationships, top-performing managers can be open to a much broader exploration of the alliance.

In addition, top performing alliance managers are significantly more effective at detecting and managing risk situations than less effective managers. For instance, top performing alliance managers in a large consulting company recognize that the "official story" (Seidman and McCauley, 2003) of an alliance is rarely the true reason for the alliance. Instead, top performers listen for certain casual phrases, such as "Well, the real reason we are in this alliance is…" (usually said by a key participant as part of a conversation during a meeting break), that define the 'real story' of an alliance. These informal statements actually represent the true goals of the alliance and are almost always significantly different than more formal statements provided in standard documentation. In turn, and in sharp contrast to less effective alliance managers, the top performing alliance managers align all of their work with these real goals as the focus, virtually ignoring the official statements.

Finally, the top performers are very aggressive about using supporting resources. They have already identified the reports, processes, training or documents that provide the most value and, with rifle-shot precision, employ them in just the time and place that creates the greatest value for the alliance. In one situation, for example, Frank Caroll's team had identified and specified the use of the specific federal certification form, culled from the hundreds of forms available, required of an alliance partner for a particular type of blood filter replacement. Similarly, top performing alliance managers for a chain of hearing aid clinics had specifically identified the training courses that would optimize the partners' understanding of the current product lines. Less effective alliance managers often wade through reams of supporting information, with little ability to discern value. Top performers use only the resources that have consistently provided the greatest value.

All of these domains occur in all top performing alliance managers, but they are rarely articulated this way. In fact, most top performers do not know that they are doing these things and only express themselves in terms of the content of their alliances. Biotech alliance managers will put their mental models and risk detection mechanisms in biotech terminology. Construction alliance managers will have the same structure, but express the ideas in construction terminology. As a result, each of the domains previously discussed is extremely rich in specific industry knowledge. The top performers are also always seen as experts in their respective fields.

In short, top performing managers are operating from a well-proven, highly efficient understanding of the real dynamics of alliance success, adapted to their specific industry.

Alliance Managers as Coaches

However, attitudes and knowledge, while the foundation of effective alliance management, are not sufficient to guide alliances to consistent success. Top performing alliance manages also act as great coaches to all parties in the alliance.

As such, great alliance managers show the same behaviors as all great coaches (Figure 2).

Figure 2: Alliance Managers as Coaches

Top performing alliance managers always:

- Are extremely positive about the alliance, focusing most of their time on how to do it the right way

- Provide their team with specific stimulus and ideas for actions designed to enhance the performance of the overall alliance

- Check for mutual understanding, pausing frequently to ask all parties to feed back their understanding of the discussion and agreements to date (this turns out to be particularly critical in cross-national, cross-language, or cross-cultural alliances)

- Aggressively require each team member to apply positive energy, ideas and understanding to their own situation until a comprehensive, highly detailed action plan is developed

- Continuously monitor the actions and behaviors of the alliance partners to ensure adherence to the plan and provide quick responses to emerging problems

Let's look at another great alliance manager, Steve, who we recently worked with at a consulting company, coaching his team to develop a program in support of franchises. Steve generates tremendous positive energy around the goals of the alliance by guiding everyone to first interpret the real story of the alliance in their own terms. He presents the following socially powerful mental model of the alliance as an initial stimulus:

> *"This alliance will provide a consulting offering that enables franchisees to develop the attitudes and systems to grow their businesses enough to realize their personal dreams."*

Steve asks each of the alliance partners to state their understanding of the objective, identify the implications for creating the greatest value and edit the statement until they agree on a common definition. Once this is done he goes on to present the alliance team with starter ideas for how they should:

- Organize the phases of the alliance, including specifically defining the meaning of each phase and establishing target dates (he presents six phases that he knows are typical for this type of alliance)

- Assign key roles and responsibilities (he has a list of typical roles)

- Manage the risks of the alliance (he knows four risks that are common to this type of alliance)

When Steve is done, using his expert knowledge of alliances in their industry as the foundation for their discussions, they have discussed many critical issues and defined a complete plan for managing the alliance. This process has taken only 3 hours.

The last thing that Steve does is to lead a discussion of how the team will keep each other informed. Steve knows that alliance partners are uncomfortable with excessive monitoring, but he also knows that continuous monitoring and adjustments are critical to alliance success. The team agrees that they will regularly communicate about:

- What work has been completed

- What work will be done next

- If there is anything threatening success

- If there is anything someone else on the team can do to provide assistance

These four questions keep the team focused on accomplishing the work of the alliance without being excessively intrusive. Top performing alliance managers use their expert knowledge and coaching skills to guide alliance teams into consistently top performance.

Institutionalizing Great Alliance Management

Steve and Frank are great alliance managers – in fact, some of the best we've seen. Unfortunately, there aren't many people with all of the skills and knowledge required to be great alliance managers. How then is an organization going to incorporate great alliance management into everything it does? Digital coaching technology (DCT) is designed to address this problem by emulating the experience of having a great alliance manager guiding every alliance.

Briefly, DCT is technology (Figure 3) that ensures operational excellence in an organization by enabling all managers to feel, think and act like top performers. It provides specific support to an executive role in defining and implementing initiatives as well as gathering expert best practices and guiding new, less experienced or less effective personnel to apply the content as though they were being guided by a great coach. DCT is a powerful tool for institutionalizing superior alliance management throughout an organization.

Figure 3: Digital Coaching Technology Structure

The first steps an organization must take to promote more consistent, excellent alliance management are by executives and senior managers. They include:

- Executives must set a clear expectation that their alliance teams develop and follow an excellent alliance management plan. Ad hoc alliance management is unacceptable.

- These executives must also set an expectation that the alliance plans will be based on the expert knowledge of top performing alliance managers. Recreating alliance management best practices each time is also unacceptable.

- The executives must consistently and systematically monitor the progress of the plan. Not following the plan is yet again unacceptable.

Executive expectations and follow-up are the most important elements for sustained alliance success. When an alliance is missing any of these executive behaviors, participants quickly realize that the alliance isn't actually very important to the management team. DCT supports the executive role with a single screen that shows if an alliance team has planned using expert knowledge and how it is progressing on the plan.

Next, the organization must gather the top performers' secret sauce. This must include the nuance and subtlety top performers use in the four domains described earlier. DCT's knowledge harvesting is a highly specialized interviewing process in which the top performers share all of their knowledge, including previously unconscious knowledge, about how to perform a function. DCT uses "naïve new person questions" to guide the top performing alliance managers to tell "real" stories of alliance management best practices. These stories include:

- The typical energizing vision of an alliance for that particular organization

- The primary organizing "Big Steps" with supporting detailed understandings

- Clearly defined roles and responsibilities

- Both a milestone and detailed schedule

- Risk identification and management strategies

- Identification and specification of the use of supporting resources

Gathering complete, fully rich expert content for alliance management can be done with as few as 6-8 experts in as little as 3 days. Once this knowledge is gathered it is stored in an electronic library for future use with alliance teams and

can be used over and over again to provide everyone with the knowledge of the experts. A detailed description of the knowledge harvesting process is available in "Harvesting the Experts' Secret Sauce (Seidman and McCauley, 2003)."

Now comes the really difficult part. How is someone who is not an alliance expert and is not a great coach going to become both at the same time?

DCT's "guided coaching" capability facilitates the development of ownership and action plans by guiding alliance teams to recall the expert management content for their type of alliance from the electronic library and apply it to their specific alliance as though an expert facilitator/coach was present. For example, DCT prompts the joint team to share their understandings of the expert's powerful vision for the alliance, apply these understandings to their particular alliance and write their own, energizing vision statement for the alliance. Typically, alliance teams become deeply engaged in the discussion in 4-8 minutes, leaning forward more, breathing faster and speaking more intensely. A typical alliance team requires about 3 hours to convert the expert content into a detailed alliance management plan for their own alliance. Detailed descriptions of these processes are available in "8 Minutes to Performance Improvement (Seidman and McCauley, 2003) and "The Performance Improvement Multiplier (Seidman and McCauley, 2003).

Finally, how can the alliance plan be tracked when there is usually resistance to close monitoring? Here too, DCT emulates the natural behaviors of great alliance managers. DCT generates a task list for each member of the alliance team that is electronically tracked using the key questions great alliance managers ask to gather critical status information (recall the questions Steve asked to monitor his team's progress). Typically, it requires just a few minutes for an alliance team member to respond to these questions and for the alliance manager to review all progress reports. These progress reports are the basis for the executive screens discussed above.

Summary

Great alliance management can be institutionalized by ensuring that every alliance manager has the knowledge and skills of the top performers, regardless of the type of alliance or the previous capabilities of the alliance manager. This produces a significant impact on alliances including ensuring:

- Emotional commitment to the alliance by all parties

- Alignment on the real goals of the alliance

- Agreement on an organizing structure, details and schedule for the work of the alliance

- Clear definition of true roles and responsibilities

- Identification and management of the real risks to success (even though the parties may resist disclosing potentially embarrassing risks – which are the most important to manage)

- Identification and specification of the exact use of key supporting resources and systems

- Regular, structured monitoring of progress in the alliance by both the local alliance managers and alliance executives

Imagine how successful your organization would be if all of your alliances had all of these attributes.