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COVER STORY

**THE PARTNER-
EVERYWHERE
IMPERATIVE:
A PRACTITIONER'S
GUIDE**

By Jan Twombly, CSAP,
Jeff Shuman, CSAP, PhD,
and Lorin Coles, CSAP

THE PARTNER- EVERYWHERE IMPERATIVE: A Practitioner's Guide

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COVER Story



THE PARTNER-EVERYWHERE IMPERATIVE:

By Jan Twombly, CSAP, Jeff Shuman, CSAP, PhD, and Lorin Coles, CSAP



The Transformation Equation

We are in the midst of the fourth industrial revolution. Customers are in charge. New competitors and potential partners are ubiquitous. Building the power to partner everywhere is an urgent organizational imperative.

⦿ **It must be championed and owned by the executive suite.** Senior management drives it through a coordinated enterprise-wide capability-building program, with accountable leaders for key initiatives and multiple projects in all areas of the business.

⦿ **It must be acknowledged that managing external relationships is part of every senior-level job.** And staff at all levels need skills to engage with partners—as well as collaborate effectively internally.

⦿ **This is not a niche project that gets shunted aside for “more pressing matters.”** It is a significant organizational change initiative.

But not one done in a vacuum. The overarching context is transformation. Digital business transformation. Becoming customer obsessed. Taking advantage of the fourth industrial revolution technologies that are upending the relationship with the customer while reshaping and redefining business processes and business models.

None of these imperatives can be done without a next-generation partnering capability (See Figure 1).

This is how the challenge of managing relationships is met when partnering is ubiquitous and organizations need the



A PRACTITIONER'S GUIDE

ability to partner externally everywhere, driving outcomes and measurable impact in every function and at all levels of their organization. This central challenge of organizational capability confronts executives today—and cannot be ignored.

However your company is preparing for the impact of digital business transformation, a next-generation partnering-everywhere capability is essential for your success.



Prognosticators of Business Transformation Driven by Technology and Partnering

During an August 2000 interview with Jim Daly, editor of Business 2.0, at that time a hot new business publication,

**Technology
+ Partnering**

**Successful
Business
Transformation**

Figure 1 – The Transformation Equation

Peter Drucker, the father of modern management and 90 years young, said:

*“The corporation as we know it, which is now 125 years old, is unlikely to survive the next 25 years. Legally and financially, yes, but not structurally and economically.”*¹



Two of the authors in 2001 with the late “father of management” Peter Drucker.

Two of the authors had the honor of meeting with Professor Drucker in June 2001, sharing keynote responsibilities at the Collaborative Commerce Summit in San Diego sponsored by Thomas Koulopoulos’ Delphi Group. We were finishing work on our book

Collaborative Communities: Partnering for Profit in the Networked Economy, in which we came to similar conclusions. We asked Drucker to elaborate on what he said to *Business 2.0* and to confirm our suspicions that what he was talking about was the rise in importance of partnership.

He agreed. And in his keynote speech he said:

“The greatest change in the way business is being conducted is the accelerating growth of relationships based not on ownership but on partnership.”

Fast forward a decade and a half. Today, the prognosticators shaking up industry are the leaders of major businesses who are living the current wave of technology-driven business transformation.

In his final address to Cisco Live in 2015, former Cisco CEO John Chambers predicted, “Forty percent of enterprise customers around the world will not exist in a meaningful way 10 years from now.”²

Jeff Immelt, CEO of GE, likes to say, “If you went to bed last night as an industrial company, this morning you wake up as a software and analytics company.”³ He’s

moving his company’s headquarters to Boston to be part of its innovation ecosystem, so people can experience all the change viscerally. “I want people that are terrified and paranoid every day because so much is changing around them,” he said to the Boston College CEO Club shortly after announcing the move.⁴

In speaking about the changes in automotive production, the bastion of traditional industry, GM’s CEO Mary Barra says, “I see a different [business] model than today’s model, but one where, even if there are fewer vehicles, their life cycle is less, or the way they are serviced provides a different business ... there are still automobiles being manufactured.”⁵ She’s planning for a different future.

“If you went to bed last night as an industrial company, this morning you wake up as a software and analytics company.”

—Jeff Immelt, CEO of GE

The technologies of the fourth industrial revolution—artificial intelligence, robotics, biotechnology, nanotechnology, the Internet of Things, to name a few—are enabling companies to reimagine how they do business. Invariably, new business models are more externally focused than in the recent past. Partnering models are evolving from one-to-one, hub-and-spoke alliances to ecosystem partnering. The speed, scale, and scope of this partnering are unprecedented for most companies. Partnering is everywhere.

We are in a time of experimentation with little guidance for companies to follow. Few are familiar with what to do. Fewer are fully prepared to execute.

¹James Daly, “Sage Advice: An Exclusive Interview with Peter Drucker,” *Business 2.0*, August 22, 2000

²<https://www.mckinsey.com/industries/high-tech/our-insights/ciscos-john-chambers-on-the-digital-era>

³<https://www.ge.com/digital/blog/waking-up-software-analytics-company-building-intelligence-machines-systems>

⁴Chesto, John, *Boston Globe*, “GE CEO explains why he’s moving headquarters to Boston,” March 24, 2016

⁵<http://gmauthority.com/blog/2016/12/gm-ceo-mary-barra-discusses-the-future-and-autonomous-vehicle-production>



Reimagining Partnering

Companies must reimagine the ways they partner and realize value through these collaborations. Business models are increasingly based on consumption or outcomes, not ownership. Services and information are built into products. Customers who are “always on” as individual consumers expect similar experiences as business buyers—and as partners. We want interactions under our control and accessible across all channels of engagement.

New competitors emerge every day from unseen quarters. Startups embracing new business models such as Airbnb, Etsy, Skill Share, or Stitch Fix, play by different rules than those expected of established businesses—just as was the case during the turn-of-the-century dot.com frenzy. At the same time, companies such as Cisco, GE, GM, IBM, Intel, and others that are forging ahead, building their own innovative business models, don’t get the leeway given to the disrupters by the financial markets. Less nimble incumbents struggle to shift their businesses from legacy cash cows to emerging new models. Some will—many will not.

In this environment, companies partner for many reasons and increasingly in ways that blur the lines of traditional industries and test new business models. For example, by partnering with software providers and next-generation transportation/technology companies such as Uber and Lyft, automobile manufacturers are embracing a business model based on access, not ownership, which is completely contrary to their existing business model. Business accelerators, incubators, and corporate venturing provide ways to partner with startups to gain early access to emerging technologies that could be game changers—and which the “bigco” doesn’t have either the time or talent to develop.

Partnership models necessarily range the gamut. Some are loose and barely collaborative, where just a little bit of coordination and exchange of information are required. Others are very tightly coupled, where all types of resources are leveraged and used for a common purpose. Increasingly, getting a complex product or solution to a customer requires many partners that must be coordinated through and within an ecosystem. A different network or instancing of partners may be required for each geography or distinct customer situation.

Even accounting standards are changing. Beginning in 2017, publicly traded companies must conform to new revenue recognition standards that in many instances will accelerate when revenue is recognized, but may also spread out the timeframe over which the total revenue from a deal is recorded. The implications remain to be seen as customers increasingly require complex solutions comprised of many components, provided by many partners. Certainly, alliance professionals building bundled, turnkey solutions using outcomes-based pricing will need to engage their finance and legal teams early in the process. The old partnering models simply don’t apply—on so many levels!



Five Design Principles for Partnering-Everywhere Capability

When we say “partner everywhere,” we refer to the thoroughness or pervasiveness aspect of “everywhere.” It is a purposeful phrase to describe the nature of partnering activity in business and society today. Partnering—by which we mean external relationships that require an exchange of value other than just money—is indeed everywhere in an organization, from end to end and top to bottom. Research and development, engineering, manufacturing, IT, marketing, sales—all functions have external partners. The speed, scale, and scope of partnering are unprecedented. Partnering is ubiquitous.

The capability your company needs to partner everywhere is a function of how much it is externally oriented. Does your company choose to lead or otherwise orchestrate its prime ecosystem, or just focus on the get-to-market or go-to-market component? The more prominent a company’s external leadership position, the stronger its capability needs to be.

We’ve identified five design principles for a partnering-everywhere capability. These principles help your company address the trends driving digital business transformation, position it to succeed, and avoid being one of those companies John Chambers warns will be left behind by the disruption of digital business transformation.



Principle 1: Close to the customer

A next-generation partnering-everywhere capability empowers the front lines—the engineers, contact center staff, the field sales force that engage externally every day—to innovate, develop, and deliver value-creating solutions to customers. They have to be armed with an understanding of:

- ▶ Why your company is partnering with Company X; how the relationship fits into corporate strategy, ecosystem development, and business unit priorities.
- ▶ Goals and objectives; roles and responsibilities; who does what and the limits on their authority.
- ▶ Each party's expectations of and accountabilities to the other; how governance, especially decision making, is managed.
- ▶ Boundaries on disclosure—and more importantly, what must be shared.
- ▶ Whom to go to within the partner for what; how communication flows, internally and with partners.

Managing relationships at the edge of the enterprise, close to the customer, makes the most of:

- ▶ Detailed knowledge of the business and ability to better understand partners and the dynamics of the ecosystem.
- ▶ Better understanding of customers and thus what partners need to be successful.
- ▶ Stronger alignment with the business and shared accountability for concrete business unit goals.

Principle 2: One platform; many relationship types and partnering models

A single partner can play many roles with different customer use cases and at different points in the get-to-market, go-to-market continuum. A single, overarching umbrella partner program is becoming the preferred approach to manage this fluidity and complexity, and to be able to scale as required. This has been a trend among high-tech companies, including IBM, Cisco, and recently HPE (Hewlett Packard Enterprises).

The single platform must accommodate the variety of:

- ▶ Roles (e.g., customer, joint development, core partner in one use case, ancillary in another)
- ▶ Partnering models (e.g., reseller, OEM royalty share, revenue/profit split)
- ▶ Resources (e.g., dedicated partner manager, marketing collateral and funds)
- ▶ Services (e.g., certification, enablement, training)
- ▶ Benefits (e.g., discounts, leads, deal registration)

Partners will still access distinct personas, but all can be done through a single interface—that automated self-service or high-touch human interaction. Next-generation digital technology provides a common knowledge repository and manages workflow. The breadth of activity with this partner will be known across business units. While that partner may not be as important in one activity or another, its overall relationship is respected and leveraged.

Principle 3: Align and integrate with the business

An explicit partnering strategy that aligns with and is baked into the company's overall corporate strategy and business unit, functional, and geographic priorities is just the starting point. Partnering strategy provides direction

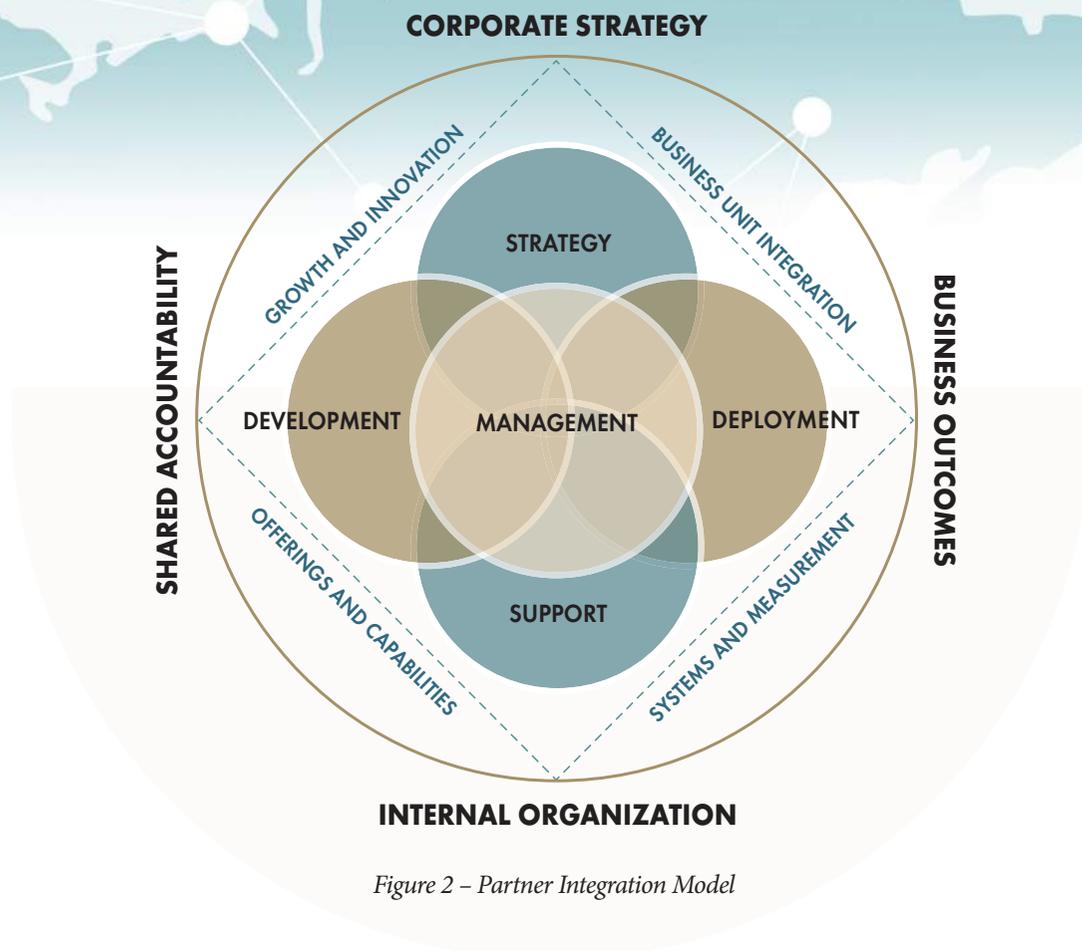


Figure 2 – Partner Integration Model

on the roles the company intends to pursue and thus the roles partners play. *Roles are the key organizing principle in the ecosystem.*

Operational decisions—how to work together to take the collective solution to market, how to deliver the intended customer experience and business outcomes—cannot be decided without the true customer focus that comes from being fully integrated with the business. These decisions include:

- ▶ How to build appropriate levels of openness and transparency into operations.
- ▶ How to ensure readiness to transition from development (get-to-market) to deployment (go-to-market). (See Figure 2–Partner Integration Model)
- ▶ How to manage cooperation within the ecosystem.

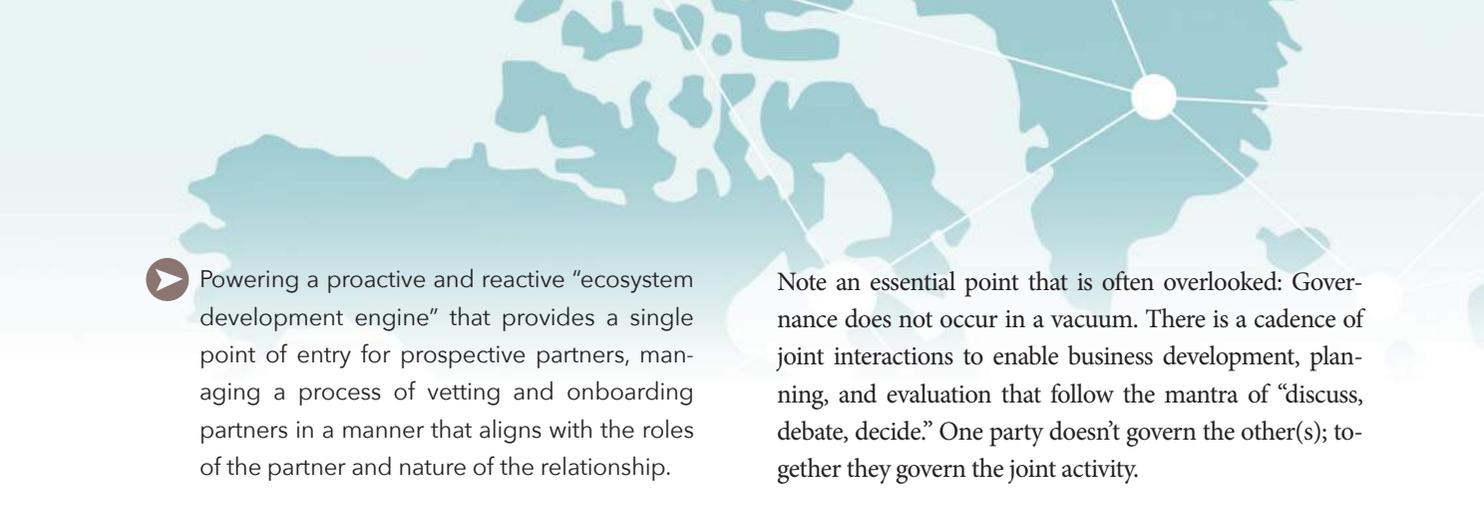
- ▶ How to manage governance across executives, operations, and the field, as well as across multiple business units and functions, with an ever-changing mix of partners.

The decisions guide you on how to build out the ecosystem of partners that best allows your company to innovate and grow.

Principle 4: Governance guides operations

A robust, overarching governance process provides the mechanisms to allow partnering activity to flow freely, driving outcomes and measurable impact. Governance also interlocks with each function in each step of the get-to-market and go-to-market processes to ensure transition points are stable, but managed with agility. The partnering-everywhere governance process must be capable of:

- ▶ Managing individual relationships and the overall ecosystem.

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- ▶ Powering a proactive and reactive “ecosystem development engine” that provides a single point of entry for prospective partners, managing a process of vetting and onboarding partners in a manner that aligns with the roles of the partner and nature of the relationship.

Once a core partner is onboard, the following routines work together so that activity flows seamlessly throughout the business model, from creating to delivering to capturing value:

- ▶ Planning the partnership (including establishing governance and operating rhythm) and planning at an account or project level.
- ▶ Partner enablement (technical and sales).
- ▶ Communications (flow within the partnership and more broadly within the ecosystem).
- ▶ Rules of engagement, operating principles, and IP management.
- ▶ Data capture, measurement, and reporting of objectives.

The fluid nature of partnering in ecosystems means a similar governance framework must exist across all relationships and be:

- ▶ Scaled, based on the intended partnering model and ranging from fully automated and self-service to a high-touch model that unites across the spectrum of develop, market, sell, deliver, service, and support.
- ▶ Catalytic, committing appropriate resources, encouraging partners to bring greater value to the ecosystem, and measuring specific metrics that matter to the ecosystem.
- ▶ Holistic, serving to unite executives with the business edge in the field—and all stakeholders in between.

Note an essential point that is often overlooked: Governance does not occur in a vacuum. There is a cadence of joint interactions to enable business development, planning, and evaluation that follow the mantra of “discuss, debate, decide.” One party doesn’t govern the other(s); together they govern the joint activity.

Principle 5: It is all in the execution

The difference between the winners and losers is the ability to execute within the complexity of our hyper-connected business world. The winners leverage the core principles of partnering, but rewrite the rules to account for the sheer number of partners, the speed enabled by technology, and the new ways of creating, delivering, and capturing value.

Success in executing a capability for partnering everywhere in the ecosystem will improve with a centralized strategic alliances/partnering function charged with driving the transformation. It influences more than it controls, but controls core aspects of developing and deploying next-generation partnering-everywhere capability to the edges of the organization. (See Figure 3—Control/Influence Spheres)

This corporate or global group:

- ▶ Serves as a center of excellence or expertise for the partnering-everywhere world, developing and managing the overarching governance process.
- ▶ Empowers those directly interfacing with partners in development and deployment activities—as well as those providing supporting functions—to optimize value.
- ▶ Assumes orchestration responsibility for major strategic alliances that cross business units, but the day-to-day work is done by people in the business units.
- ▶ Ensures the organizational capability to partner everywhere exists, and is appropriately

- 3 Internal stakeholders' experiences working with partners.
- 4 The overarching governance and functional interlock, including what occurs to keep momentum at key transition points.
- 5 The processes and tools to support get-to-market and go-to-market activities.

You will also want to understand the customers and their needs, the business environment, and competitive landscape. Pay attention to who the disrupters are and how they are disrupting incumbents. Align with overall business transformation efforts.

Hold this understanding as your vision. But keep in mind that it will iterate as you learn more.

Creating a next-generation partnering-everywhere capability is a three-phase journey (See Figure 4—*The Capability Journey*):

- 1 Design and prototype.
- 2 Implement and iterate.
- 3 Make programmatic and scale.

Where do you start? It could be aggressively recruiting a certain type of partner. It might be revamping the engagement process for working with the most strategic partners that have complex relationships with more than one business unit. It could be building uniform practice and upping the collaboration skill levels of a single business unit.

Once you have the right number of initiatives identified (this will be a function of criticality and available resources), develop a prototype to test the inherent assumptions (which you have specifically identified, determining the data you need to validate or invalidate them). Gather that data, and iterate before you commit resources to build. Prototypes can be anything from a slide deck showing how you think something will be

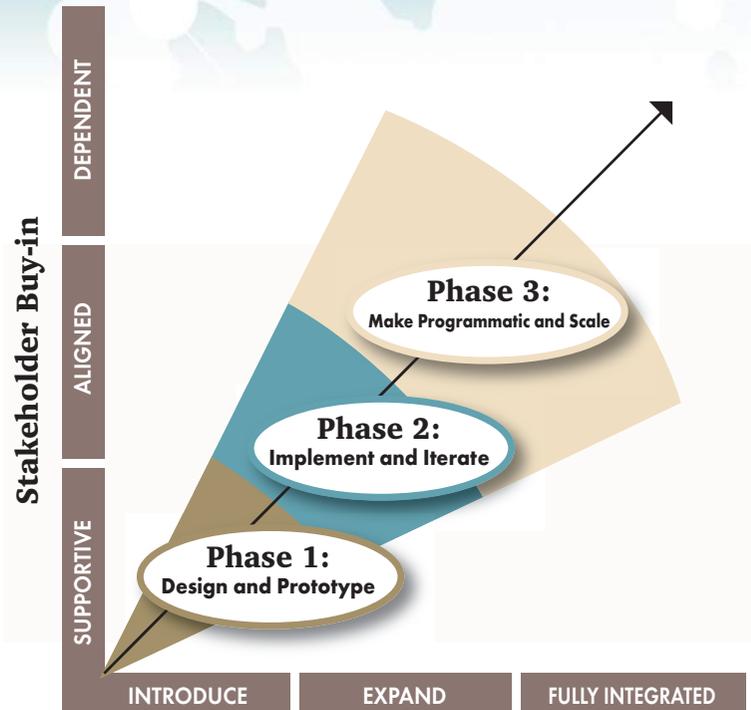


Figure 4—*The Capability Journey*

designed and built to acting out a process with a case study or role play.

You will then be ready to build out the processes, tools, artifacts, training, etc.; implement your first projects; learn from them; and iterate your assumptions as required. Once you onboard the learning from your initial projects, prepare to make your capability-building programmatic and scale as appropriate. Then, milestone by milestone, transform your partnering capability from a traditional, hub-and-spoke alliance perspective to a next-generation partnering-everywhere capability that enables your company to realize the transformational power of the fourth industrial revolution. ■

Jan Twombly and **Jeff Shuman** are the principals of The Rhythm of Business, Inc. **Lorin Coles** is co-founder and CEO of Alliancesphere, LLC. They have joined forces to form the SMART Partnering Alliance, delivering executive suite-sponsored, enterprise-wide solutions to build next-generation partnering capability for connected ecosystems. This article is adapted from *The Power to Partner Everywhere: Why You Need It, What It Is, How to Build It*, a recent e-book published by the authors.