

‘Partnerships’: Strong Language – vernacular or meaning?

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Summary

Applying the term 'partnership' in describing alliances among several sectors to address social and environmental challenges should be approached with caution. There is a danger that the vernacular of the private sector will make actors there take the word literally and reach conclusions about the structure that may or may not be accurate.

Owing to the precise legal definition of the term 'partnership' and the binding implications, application of the vernacular and structure of strategic alliances (SA) may resonate more in the private sector. Furthermore, the structures within the private sector (distinct forms of mutual business arrangements) may be helpful in thinking about how to be more specific when creating CSPs.

1. Introduction

This paper credits its inception to two factors. The first was the PBAS Logbook, through which I observed a potential 'creeping' weakness in the partnership process in the project I was brokering, the Bulgarian Textile Workers Partnership (BTWP). The project had been born out of a strong personal relationship among several of the 'partners'. When the Nike champion went on maternity leave, the weak institutionalisation of the partnership in the organisation became obvious. Changing this became a critical success factor for the project. Facing this challenge, I wondered how to do this quickly, as deadlines driven by EU funding were making time the most precious resource? My approach was to take key internal stakeholders through a number of presentations, explaining the 'partnership' and requesting the resources (people, time, money) the project would require from them. Some of this had been done prior to the request for EU funding and to the maternity leave of our CR champion. However, owing to the fluid nature of the private sector, changes in personnel and in organisational structure had created a small but significant vacuum in the internal landscape. All concerned remained (or became) very excited about the project in principle, but when I requested resources, the questions became much more direct, specific, and detailed; I sensed a resistance. This led me to examine the difficulties in institutionalising the project. I noticed that one issue which consistently surfaced was that of using the word 'partnership'. There was in evidence hesitancy, or a cautionary tone, first on the part of the legal department and then on the part of the leadership team. Then I pressed them on the 'buy-in' of the concept using more the vernacular of business – and got positive responses. I found this puzzling and made a few changes in the presentation: moving away from the language of development and more towards the language of the private sector. Although I am not able to quantify the results, my intuition is that these changes made a difference to the internal acceptance of the project and to the understanding of the request for resources in the context of other opportunity costs. Simply put, the line managers better understood why this project was aligned with the business strategy and why it should get priority over other projects.

The second factor that contributed to further evolving my thoughts on this matter was a conversation with a colleague. As I pondered the above dilemma, I decided to ask a colleague not involved in the project about what I was experiencing. She immediately reminded me that in the private sector the term 'partnership' has very strong and specific legal implications, literally linking one firm's obligation to legally binding commitments on the part of the partner and vice-versa. As I went on to describe what we were trying to achieve, she immediately told me that in the vernacular of the private sector, it would be much more appropriate to call the project a strategic alliance (SA).

Accordingly, I began an informal, and now more formal, exploration of this question, becoming curious as to whether it was endemic to Nike or whether it was an issue in other private sector organisations as well. Was this a matter of translation for each sector? Could other sectors (NGOs and government) take the generic language of development and make it understandable for their organisations? Or, as part of the evolution of the language of CSPs, could or should there be an expansion of the current language and definitions?

In this paper I will attempt:

1. To explore how the word ‘partnership’ may be a hindrance to the institutionalisation of Cross (or Multi) Sector Partnerships (CSPs) in the private sector. Is this an issue of vernacular or of actual meaning?
2. By comparing and contrasting essential elements of success of traditional models of private sector strategic alliances (SAs) and CSPs, to highlight learnings that might help evolve CSPs
3. To relate these concepts and questions to my brokering experience within the Bulgarian Textile Workers Partnership (BTWP) and to draw some conclusions as to what may be helpful in the institutionalisation of CSPs in the private sector in general.

2. Definitions

2.1 The Private Sector

Although in recent years there has been a broadening (perhaps overuse) of the word ‘partnership’ to describe less formal contractual relationships, it retains a significant legal and binding specificity, as mentioned. This is particularly true when the relationship is one among unknown actors (as opposed to, for example, among supply chain partners moving from a subservient relationship to more of a strategic one).

More specifically there are several types of ‘partnership alliances’ that the private sector creates, the more common ones include (Doz and Hamel, 1998):

1. Strategic Alliance: A focused coming together of business entities to share knowledge, markets and profits.
2. Joint Ventures (JV): Formalised alliances uniting two or more separate organisations which create a new and separate business entity. A JV allocates ownership to each member, while preserving separate identity and autonomy. JVs are staffed by a separate management team.
3. Equity Partnerships: These have all of the characteristics of a SA, generally with equity stakes with options for additional stock purchases.

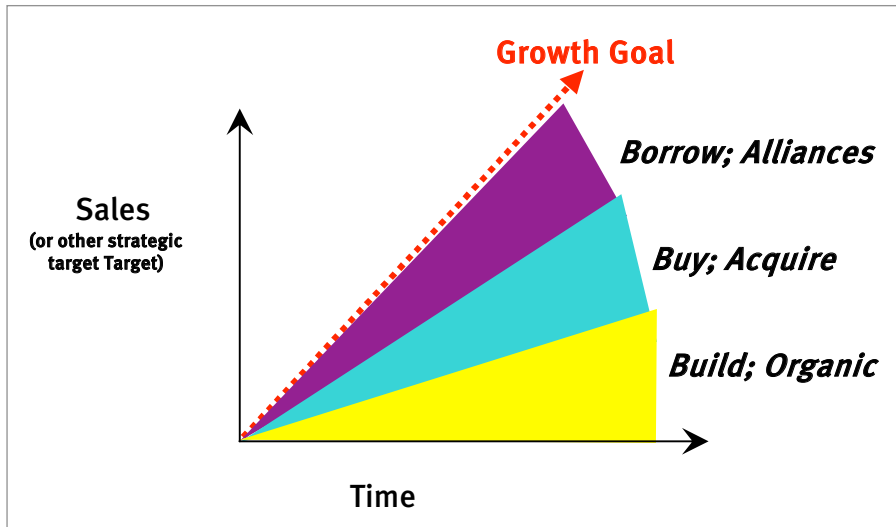
2.2 Private Sector Drivers of SAs

‘Strategic alliance’ describes the relationship between two (or more) business entities where complementary strengths create more value for the customers than is derived independently (Doz and Hamel, 1998). In the private sector, SAs at their best are ‘means’, or mechanisms to achieve a strategic result, not ‘ends’ in and of themselves. Because SAs in the private sector are vehicles for accomplishing key corporate strategic objectives, if the objectives are tactical, the private sector will generally subcontract (buy) or internally develop (build) what is needed. In effective SAs, the differences between the companies must be additive; the objective could not be effectively achieved without the other party (parties). Although shifting in focus, the private sector in general still prefers organic growth, largely because of the capacity within this for control and command. However, globalisation (and the backlash it has created) has created the need for the private sector to seek more innovative and complex arrangements for achieving growth targets. This includes the need to seek both intra-sectoral alliances as well as multi-sectoral alliances (Sagawa and Segal, 2000).

The diagram highlights (in a simple way) the way in which the private sector achieves growth targets. For the purposes of this paper, we can assume that in this framework, ‘growth’ includes the need to engage with external stakeholders (CSPs) in achieving strategic aims. Driven by several internal and external factors, leaders in the private sector work out the precise formulae to calculate what percentage of each form of growth is best suited for their particular organisation. Each form has its

advantages and disadvantages, but one can see from the diagram that 'time' (speed to market) is a very important factor. The information age will likely magnify this driver in the future.

Figure 1. How the Private Sector Achieves Growth Targets



Because 'partnerships' are one form of 'borrow; alliances', I believe the word in its use within the private sector is limiting: not accurately able to describe the new ventures for development we currently call CSPs. Moreover, the language of 'alliances for progress' resonates and aligns better with the frameworks, vernacular and meaning in the private sector.

2.3 Elements of Success

If we accept the premise that alliances are more relevant in translating the work of development into the private sector, we can now move beyond the vernacular and compare alliances and CSPs.

A shift in paradigm within the private sector is evolving, moving from looking at SAs as a necessary challenge towards viewing them as opportunities for achieving fast and efficient growth (allowing organisations to expand upon their core competencies). This has created an almost 'frenzy' of non-traditional alliances, including some between competitors and traditional adversaries.

Based and built on other literature (see bibliography) and the ASAP Alliance Workbook (Association of Alliance Professionals website), regardless of the alliance structure and the specific industry, we see that successful SAs share common essential characteristics:

1. Significant, clear and critical driving forces
2. Strategic synergy and alignment
3. Aligned cultures
4. Apportioned risks and rewards
5. Significant growth opportunities
6. A sharp focus
7. Commitment and support
8. Mutually vested interests and reciprocal relationships
9. Evergreening contracts with renewal and repositioning options
10. A collaborative management style

Several Nike general managers were canvassed regarding SAs; these

- a. Agreed in general with the list above regarding the critical success factors.
- b. Cited the following potential rewards that might entice Nike to enter into some type of business alliance or joint venture:
 - Shortening of the learning curve: building knowledge to expand into key markets, developing new products and improving productivity
 - Enhancing company credibility: key alliances can improve credibility in specific markets or niches
 - Creating new profit channels: expanding sales and distribution channels at low risk or cost
 - Building competitor barriers: erecting an impenetrable wall that keeps competitors out and protects profit margins

Having compiled and confirmed these lists ('Elements of Success' and 'Drivers for Nike') with the same group, every general manager also acknowledged that the company was shifting from a more conservative point of view – looking at alliances as a 'last and least' preferred alternative (versus organic growth) – to one which looked at these collaborative structures as opportunities for value creation. When pressed further, they also agreed (in varying degrees) that this shifting paradigm of alliances within the private sector could create an opening for the development model (within the context of corporate responsibility) to be seen as a viable pillar of growth. However, they emphasised that this would be possible only as long as the arrangement delivered on a strategic, economic or operational scope of value creation for the company. Moreover, they said that this would have to be specifically articulated and measured by key performance indicators (KPIs).

This seemed to me reasonable; I felt like I was making some progress on my theory that there was a disconnection in the language. However, the Nike conversations led me to reflect again as to whether this was all a matter of vernacular and translation or whether there was a different meaning as regarded what they were saying and my understanding of CSPs. Was it about a more robust business case – translation – or again, could the entire development partnership paradigm benefit from an examination of language and definitions? Unfortunately, owing to time factors, I was unable to test this theory in the BTWP; I plan to continue to explore this subject by applying it in future projects.

3. Cross-Sector Partnerships

Partnerships as a development paradigm, a concept described in *The Guiding Hand* (Tennyson and Wilde, 2000: 12) is defined as:

'An alliance between organizations from two or more sectors that commit themselves to working together to undertake a sustainable development project. Such a partnership undertakes to share risks and benefits, review the relationship regularly and revise the partnership as necessary.'

Here, Tennyson and Wilde acknowledge the perils in the overuse or misuse of the word partnership, showing that actors often in different sectors use it to describe financial arrangements, creative engagement, or very informal associations. Moreover, they deem the critical success factors for CSPs in development to be to (Tennyson and Wilde, 2000: 14):

- Uphold principles of openness and equity
- Share risks and benefits

- Adapt well to change
- Work towards empowerment

3.1 Vernacular or Meaning

Through these distinct definitions, one can arrive at the conclusion that there is a chasm of sorts between the term 'partnership' in development CSPs and the private sector's version of SAs. Almost everything I have written thus far leads one to believe that there is a real difference in meaning (beyond the vernacular) in the use and application of the word 'partnership', both between the sectors and in the coming together of sectors. My conclusion is that the private sector definition describes a very specific formal agreement (as defined earlier); in the development paradigm (CSPs), the definition is based on a less distinct arrangement linked to a project or process.

So, does this matter? And if so, why does it matter and to whom? In this paper, I argue that (in my experience) it can have an effect on the level of acceptance and institutionalisation of CSPs within the private sector. An example linked to my brokering project for PBAS shows this. Like many development initiatives in the private sector, the BTWP was 'sold' internally in large part through the personal influencing skills and relationships of the CR champion. However, as I, an external broker, attempted to follow up with more specific details and requests for resources, the confusion in vernacular and meaning became obvious. As I reflect specifically on the BTWP and my brokering experience I ask myself more questions:

- Would my experience of institutionalising the partnership (into the business – outside of the CR function) have been different had I considered this question earlier?
- How would my language have changed (in vernacular and meaning) and could I have found a mutual language easily understood within and outside the partnership?
- What specific models and references to SAs might have helped me?

3.2 Comparison – Strategic Alliances and CSPs

It is important now to ask whether, if we can shift our language towards the private sector's understanding of SAs (even in development terms), we will be closer to alignment in meaning (beyond the vernacular). I would like here to look at some of the points of intersection between my understanding of these two models. A good starting point would be to compare the two sets of 'success factors' (Figure 2):

Figure 2.

	CSP	SA
Success Factor	<ol style="list-style-type: none"> 1. Uphold principles of openness and equity 2. Share risks and benefits 3. Adapt well to change 4. Work towards empowerment 	<ol style="list-style-type: none"> 1. Significant, clear and critical driving forces 2. Strategic synergy and alignment 3. Aligned cultures 4. Apportioned risks and rewards 5. Significant growth opportunities 6. A sharp focus 7. Commitment and support 8. Mutually vested interests and reciprocal relationships 9. Evergreening contracts with renewal and repositioning options 10. A collaborative management style

Is it possible to garner deeper connections between these two types of arrangements – one referring to the intra-sectoral and the other to the inter-sectoral?

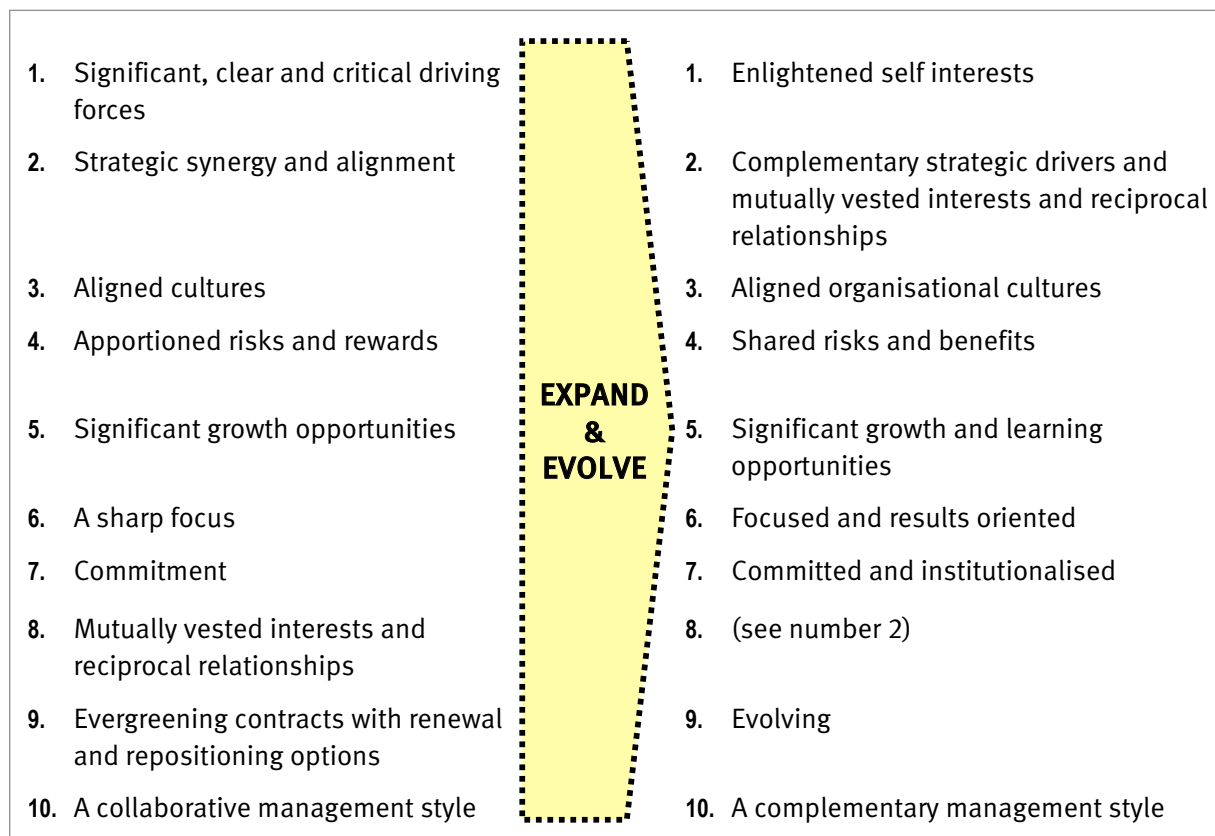
My experience in the BTWP leads me to believe that there is indeed a wide connection, one that is not apparent at first glance. In the case of this particular initiative, the complexity made the project much more effective as well as much more difficult to broker. Specifically, there needed to be several intra-sectoral alliances that needed to happen for the ‘partnership’ to be effective. The ‘brands’ had to create an industry voice, the trade unions also had to be unified, and the government partners had at the very least to be on block of votes. This was identified early on; I now believe that the process could have been facilitated by more precise language, more easily understood by each set of intra-sector alliances. As there were competitors involved (e.g. Adidas for Nike), this was particularly important in the private sector.

4. An Expanded Model – SAs and CSPs

Using the private sector as an example, I here illustrate what I believe could have helped in institutionalising this alliance. By creating a language and meaning that can be more easily understood, I will attempt to address both vernacular and meaning, i.e. creating a hybrid model. As a starting point, if one holds the CSP ‘success factors’ as ‘guiding principles’ and demands more specificity of development alliances, then with some adjustment to the vernacular of the private sector one could look at an amalgam-morphed model like this:

Guiding Principles:

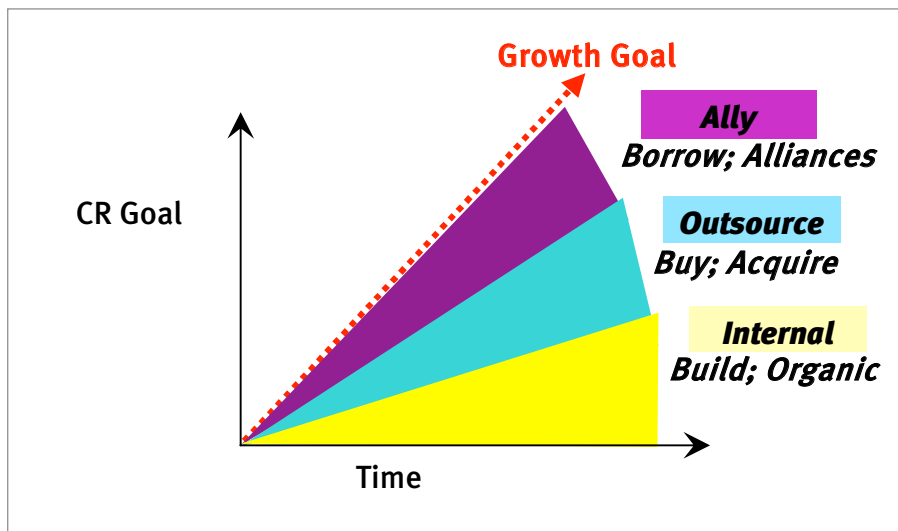
- Uphold principles of openness and equity
- Share risks and benefits
- Adapt well to change
- Work towards empowerment



A great deal could be written about each of these specific factors. For now, let me just point out in more general terms that the evolved language crosses the vernacular of both the private sector and development worlds. Because this is anchored in the framework and language of the private sector, it will likely need further alteration when more sectors are added (e.g. NGOs and government). However, within this private sector context there is emerging an alignment of meaning, as the guiding principles support the success factors and vice-versa.

It is possible to expand the private sector's 'growth' model (described earlier) to include the development model. By taking a simple concept and looking at 'growth' as the ultimate goal of business, one can start to position the ways in which multi-sector alliances (MSAs) could play an additive and complementary role within the language of business.

Figure 3.



By adapting this model I am attempting to show how one could position MSAs for progress in a context that makes immediate sense to the private sector. This can be easily understood in the language and context of 'build, buy, or borrow', creating a framework where business drivers actually build the case for MSAs. This model could be expanded for the other sectors as well. For example, in the case of government, 'build' might be nationalisation, 'buy' might be privatisation, and 'borrow' is (as in the private sector) about 'allying' or creating alliances.

5. Conclusions

Although I am not able to put into direct practice my theories about the language of 'partnerships', I believe that this has thrown up an interesting and perhaps important question. The word 'partnership' (or the lack of a more precise definition of a partnership arrangement) may well have been a hindrance to the institutionalisation of BTWP. In the context of the private sector, a more appropriate term, instead of 'partnership' is strategic alliance. Moreover, beyond the vernacular, there is a difference in meaning between the two. In fact, I believe that the private sector's model and use of strategic alliances could, by creating more specific models of 'partnerships', help CSPs to evolve. By comparing and contrasting the essential elements of success for the models of traditional private sector business strategic alliances (SAs) and CSPs, I have come to the conclusion that a new 'hybrid' language and meaning is needed. In my brokering experience within the Bulgarian Textile Workers Partnership (BTWP), this hybrid language could be helpful in the institutionalisation of CSPs in the private sector beyond Nike. Moreover, it may also contribute to the effectiveness of CSPs in general.

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This paper is based on many conversations, ideas borrowed from a variety of lectures and documents from the PBAS residential, CPI, Nike and other places. It is impossible to credit all appropriate sources. However, some of the work can be credited to the ideas and concepts within this bibliography.