



**UNLOCK THE
POTENTIAL
OF YOUR
PARTNERSHIPS**

**Behavioural Research and Techniques For High-Performing Business
and Outsourcing Partnerships**

nicholson mcbride

UNLOCK THE POTENTIAL OF YOUR PARTNERSHIPS

Some of the people we've helped so far:

Accenture, Airbus, AstraZeneca, Audi, BAA, Barclays Capital, Barnardo's, Boston Consulting Group, British Gas, BT, BUPA, Cabinet Office, Citigroup, Department for Education and Skills, Diesel, European Central Bank, Egg, Ernst & Young, Freshfields Bruckhaus Deringer, GE, GSK, HBOS, Hewlett Packard, HM Revenue and Customs, HSBC, INVESCO, IPC Media, ITV, KPMG, Legal & General, Liverpool City Council, Lloyd's of London, London Borough of Lewisham, London Stock Exchange, M&S, Marsh, Merrill Lynch, Morgan Stanley, Office of the Deputy Prime Minister, Pfizer, PwC, Prudential, Rolls Royce, Royal & Sun Alliance, Sainsbury's, Schrodgers, Scottish Executive, Siemens, Sport England, TOTAL, Transport for London, UBS, Volkswagen, Zurich Financial Services

Some of the people who informed this research:

Accenture, Amey, Barclays Capital, Barking & Dagenham Council, BAA, BBC, BT, Cabinet Office, Capgemini, CIO Plus, Citigroup, Department for Communities and Local Government, IBM, Olswang, Mouchel, Qinetiq, Roche, Scottish & Southern Electric, Tribal Group, Volkswagen, Wates Construction

UNLOCK THE POTENTIAL OF YOUR PARTNERSHIPS

About us, our research and this booklet

About Us

Nicholson McBride has been working with the CEOs of many of the world's top companies for over 30 years, enhancing the performance of their organisations—enabling them to create, articulate and deliver their strategic plans.

What We Do

We work with people. With individuals. With teams. With CEOs. With their top teams. With managers. With the shop floor. Everything we do is about helping people.

Strategic Partnerships and Outsourcing

We have found ourselves increasingly involved in the partnerships between more than one organisation and realised that complexity and challenges multiply when two companies combine—be it for a project, an outsourcing arrangement, a joint venture or a merger.

Organisations individually strive for their own common goals, processes and culture—but then partner with other organisations who quite naturally differ in all these areas. This introduces not only conflict and pressure, but impacts the effectiveness and performance of the people from both organisations—people on whom everyone is relying to deliver the partnership successfully.

Our Research Into Partnerships and Outsourcing

We set out to understand what happens in these complex partnering and outsourcing situations, and what the causes of success

and failure were. Our initial research indicated that over 60% of outsourcing and other strategic partnerships fail to deliver to expectations, and many of the causes for this are to do with leadership, relationships, and other behavioural issues. The results of the failures were often expensive overruns and costly legal bills for both organisations. We also found that effective management of these behavioural elements can create up to a 40% improvement in the cost, service and quality of outsourcing arrangements. We then conducted a series of in-depth interviews with key individuals from both the client and supplier sides of arrangements. Our primary objectives were to:

- Understand what happens when two organisations come together in an arrangement
- Explore the behavioural aspects of outsourcing and partnering arrangements
- Examine leadership team and personal performance issues, and the implication of these
- Identify best and worst practice

Research Analysis and Best Practice Development

The research output was analysed in detail by our team and the common themes leading to success or failure were established. We then combined our experience of working with organisations and the techniques and methodologies we have already developed, to develop four frameworks to help maximise the potential from partnerships. The conclusions of our research have been structured into the following four areas:

- The cultural alignment of the partnering organisations
- The quality of their respective senior leadership
- The importance of 'one team' being created from both organisations
- The personal effectiveness and high performance of every individual team member

WHAT WE BELIEVE IN Better people make for better organisations and better business partnerships. It is critical to understand all three of these fully. Our approach always combines an understanding of people and psychology with a pragmatic business focus. We use experienced consultants who can think on their feet; the same consultants from design to implementation.

ABOUT THIS BOOKLET The rest of this booklet is structured according to the four areas shown overleaf. It summarises key source information gathered in the research, the concepts we have developed to represent best practice and the relevant techniques and interventions to help you succeed in your critical business partnerships.

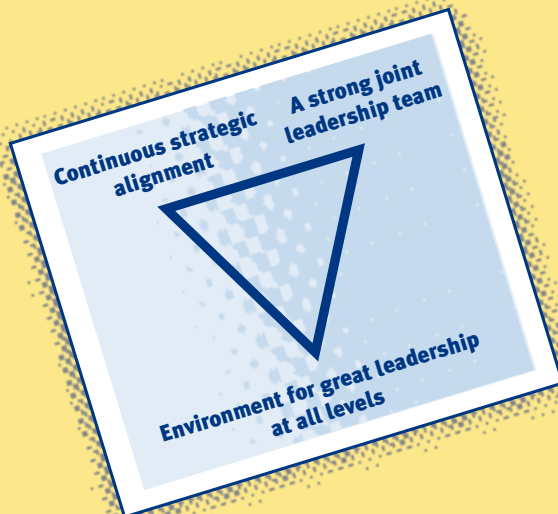
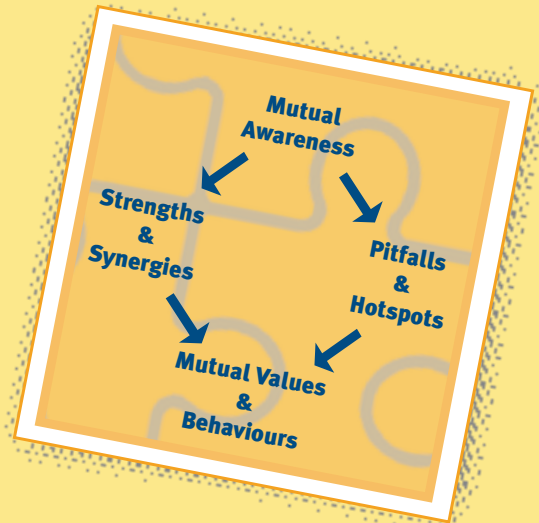
FOUR WAYS TO UNLOCK THE POTENTIAL OF YOUR PARTNERSHIPS

Any single corporate body is a complex combination of individual skills, attitudes and behaviours. This complexity multiplies when two or more organisations go into partnership.

As a result of this research, we have developed four frameworks to unlock the potential of your partnerships.

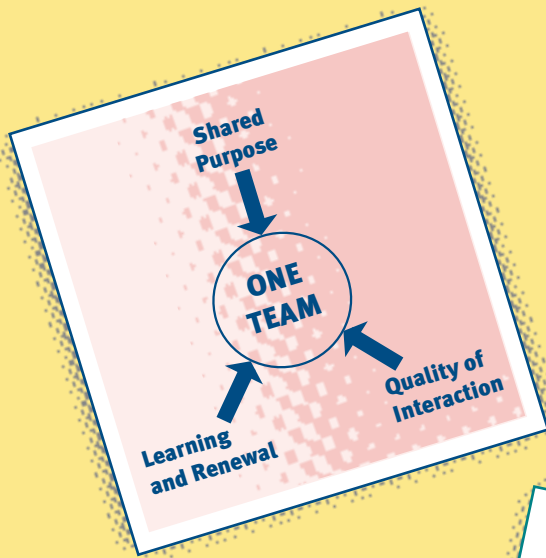
CULTURAL ALIGNMENT

Achieving and Maintaining a Strong Cultural Fit



STRATEGY AND LEADERSHIP

Direction; Inspiration; Motivation

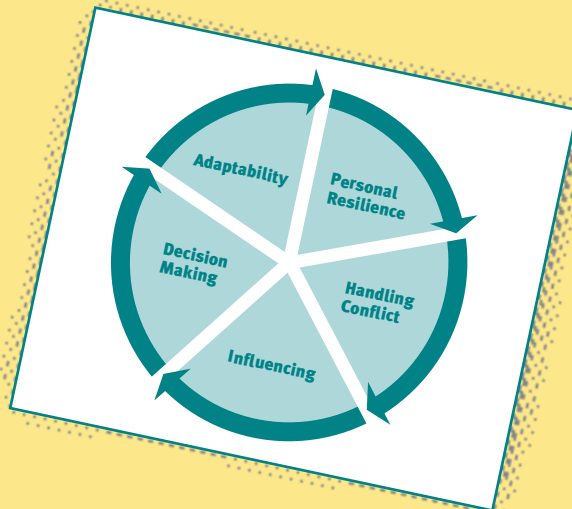


TRULY "ONE TEAM"

Building and Sustaining an Effective Joint Team

HIGH PERFORMING PEOPLE

*Personal Capabilities;
Personal Effectiveness;
Personal Leadership*



CULTURAL ALIGNMENT

Achieving and maintaining a strong cultural fit

What Our Research Has Found

The notion of considering the cultural fit of the organisations entering an outsourcing arrangement was cited by our interviewees as an important area to focus on when selecting a future partner. It was generally acknowledged that this was not about achieving identical cultures, but about achieving ‘cultural compatibility’ in the area of organisational overlap.

Broadly speaking, this involved:

- Understanding each other’s cultures and what they can do for each other
- Clarifying and valuing areas of cultural similarity and difference
- Building awareness of cultural alignment across the partnership – right down to the ‘coal face’
- Leveraging cultural differences for enhanced innovation and “learning from each other”

Respondents felt that diversity, at an organisational level, should be more recognised and valued—“We need to value the cultural diversity in the two organisations. It is like building diversity into a team – we should try and understand what our different cultures can do for each other”.

However, there was also an admission from many interviewees that “a deal would not be turned down with a potential partner who had a very different organisational culture from ours.” Commonly, the right level of due diligence was not done around cultural

“I could pick any two major providers and their capabilities and business models will be virtually identical – it is how they try to achieve cultural alignment that will really make the difference”

compatibility because other drivers such as the urgency to get the deal closed (often driven in turn by financial constraints) were seen as more important. As a consequence of this, very often, cultural issues became some of the many ‘elephants in the room’ that existed throughout the arrangement, with cultural

diversity being ignored or even worse, denigrated just because it is different from the way ‘we do things around here.’

The areas of cultural difference that our respondents cited as common ‘hotspots’ included: management style, approach to delivery, ways of making decisions, innovation and creativity, reward and recognition, and empowerment .



One interviewee stated that “We realised afterwards that there were big differences in the two organisations’ approaches to delivery. The client had detailed micro-plans. We preferred an agile approach. This caused lots of stress and escalation, leading to conflict”.

In Conclusion

Organisations must try to understand more about cultural alignment, both before they join up—it should be a major part of due diligence—and repeatedly throughout the life of the arrangement.

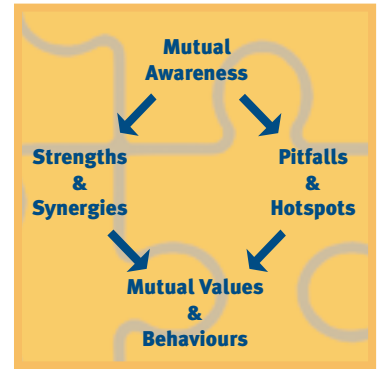
Key areas to understand, include:

- The implications of the similarities and differences
- The strengths and synergies of the partnership
- Possible pitfalls and hotspots to manage
- What ‘mutual DNA’ can be agreed and created to help bind the organisations
- The types of people who should be on the joint team from each organisation
- The joined up messages around culture that needs to be communicated to all the people involved

The Benefits From Increased Cultural Alignment

Increased awareness and understanding around cultures, not only provides a firm foundation for an arrangement, but unlocks the potential for a truly high performing partnership through:

1. A more intelligent and joined up approach to team selection and formation
2. A mutually agreed Modus Operandi
3. Increased ability to hit the ground running and maintain momentum when it comes to delivery
4. Improved clarity around how the culture of the partnership will drive its values and behaviours
5. Leveraging the diversity in culture between the organisations, to enhance performance, innovation and creativity



HOW WE CAN HELP Whether you have yet to choose your business partner or you are looking to improve the effectiveness of an existing arrangement, our Cultural Audit will provide the intelligence required to become better aligned as organisations and provide a firm foundation for a successful partnership. The Cultural Audit has three stages:

Stage 1: Gather and Understand

Gather intelligence via questionnaires and focus groups
Identify similarities, differences and complementarity
Examine values, ways of working, behaviours and attitudes

Stage 2: Assess and Resolve

Define how to promote similarities and strengths
Suggest how to deal with sensitivities and “Hotspots”
Work out how to manage differences

Stage 3: Engage and Learn

Offer insight for leaders to anticipate adverse situations
Provide an area of focus for both top teams
Secure buy-in from employees and address concerns

STRATEGY AND LEADERSHIP

Direction; Inspiration; Motivation

What Our Research Has Found

The role that senior leaders from both organisations jointly play is critical for the success of a strategic partnership. Our research showed repeatedly that successful partnerships were driven by senior leaders doing 5 key things well:

1. Proper strategic alignment – constantly reinforcing and increasing the reasons for collaborating
2. Frequent, open and consistent communication to each other, and throughout the joint team
3. Demonstrating the right behaviours through their own example
4. Setting up and consciously maintaining the environment for the joint team to flourish
5. Proper delegation and empowerment, underpinned by the right support structure

True commitment to a shared strategy is important – respondents stated that “both sides can have legitimately different drivers, but these must be shared and discussed” and “we should look for innovative ways to face challenges or take opportunities together – leaders should take away barriers”. Respondents said that alignment should be regularly examined – “it is important to know when alignment is not there and do something about it”.

Leaders need to provide the compelling reasons for both sides to partner – our interviewees said that “Leaders must agree direction and outcomes clearly – maintaining alignment at a strategic level” and “leaders should share strategic information such as broader business

“The best leaders are uncompromising in their belief in the partnership”

plans, so both sides know where they are heading”. Interviewees recalled many examples of problems from an imbalance of power in arrangements – “and then the sides change leadership to try to redress this. This change of leadership agendas leads to conflict”. Our research frequently uncovered examples where issues were not discussed openly between the leaders and their teams, but were known about to all – “The difference in goals and motivators are not talked about enough. They weren’t put on the table during negotiations either. But we think about them in isolation from each other and this is not healthy”.

The example behaviours that senior leaders demonstrate are critical. Leaders themselves must be the change they want to see. The best arrangements had leaders who were “uncompromising in their belief in the partnership” and reinforced the requirement on everyone on both sides, to make things work.

Consistency was a key word used by many respondents – senior leaders on both sides in successful partnerships have high levels of consistency in what they say and do and “the big test of leaders is the way they behave individually and collectively when things went wrong”.

Similarly important was the way leaders encourage acceptable behaviours and deal swiftly with unacceptable behaviours – this made a huge difference in the quality

of the partnership on both sides. A vital role of senior leaders in a partnership is in fostering and sustaining the right environment for people from both parties to flourish. Establishing and nurturing this environment has to be done consistently and senior leaders from all sides need to operate effectively as a single leadership team.

Empowerment was also frequently mentioned by respondents – the right personal support structure and governance should be built around those people delivering, enabling them to exhibit true ownership and use their own judgement and develop. “The leaders jointly need to empower their respective teams and allow them to make decisions.”



Leaders of successful teams typically spend one-third of their time talking to other team members and the importance of communication was reinforced by our research respondents – “There must be open, honest and consistent disclosure to both teams, at all times”. Our interviewees also recognised that leaders need to spend far more time together – “We don’t have many off-sites between the senior players of the client and ourselves and this is something we really should change”.

Among the leadership reasons cited for the failure of collaborations, respondents focused on themes such as a lack of common goals, miscommunication, perceived inequities and distrust. “Issues are not discussed enough jointly, but they are still thought about in isolation by each side.”

In Conclusion

Of the four areas from our research that we have summarised in this booklet, Leadership was the area most frequently

raised by our respondents as that which really makes the difference in the success or failure of a partnership. Without good joint leadership, the potential of teams and individuals will never be fulfilled and good cultural alignment is unlikely.

Strategic alignment is crucial— understanding where the organisations share a clear vision and also where the drivers are legitimately different. This alignment should happen not only at the start of the arrangement, but also at regular intervals throughout.

The strength of the joint leadership team from both organisations will set the standards for collaboration, integration and performance through the rest of the team. It is essential that this top team is as strong as any leadership team in a single organisation.

Finally, through setting example behaviours and providing the right support and guidance, an environment can be created where leadership can flourish



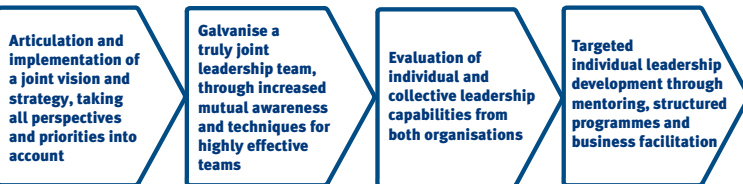
at all levels—this is covered in more detail under the High Performing People theme later in this booklet.

Benefits From Improving These Three Aspects of Leadership

The benefits to the success of the partnership from getting these aspects of leadership right are enormous and include:

1. A galvanised, aligned leadership team from both organisations, setting clear, consistent direction
2. Credible and effective leadership at a senior level, setting high standards for both organisations
3. An improved environment within which the people in both organisations can flourish
4. Increased energy and sustained drive amongst the team overall
5. Reduction in unnecessary, wasted effort and draining of motivation
6. Faster, clearer decisions
7. Clearer understanding of opportunities, to maximise shared value from the partnership

HOW WE CAN HELP At Nicholson McBride, we understand what makes effective business leaders. With our balance of psychology and business knowledge, we have an in-depth understanding of how to turn strategy into reality and build strong joint leadership teams:



TRULY “ONE TEAM”

Building and sustaining an effective joint team

“A mutual understanding of each other, requires regular investment of time from both sides – this isn’t about having a quick chat – it is about having time out to discuss things and bring them to the forefront of people’s minds”

What Our Research Has Found

Establishing a single integrated high performing team was seen as crucial to success. Our research identified 3 elements that characterised effective team working in the organisational overlap:

1. A clear shared purpose
2. The quality of interaction between all individuals from both sides
3. Learning and renewal within the team

It was commonly said that clarity around a shared purpose and goals enabled alignment of the separate teams. Senior

leaders should agree how they will communicate this and take responsibility for doing so in a consistent manner, so that the delivery teams are hearing a consistent narrative. Conversely, teams that were more committed to their own agendas rather than that of the partnership were less likely to achieve success in the arrangement.

Our interviewees felt that teams that had created a culture in the organisational overlap, where regular praise and constructive feedback were valued, were more likely to achieve common goals. It was said that such behaviour created feedback loops that enabled the joint team to regularly flex and adjust its performance in a positive way. Constant open communication was critical in establishing and maintaining a high performing team, and led to an environment of informality, trust and mutual respect amongst team members. These teams were also more likely to handle conflict in a constructive way, rather than see it as a threat. Other factors that were said to be important to success were role clarity, a commitment to solving problems together and clear decision making.

Regular, formal and informal assessment of the performance of the team as a whole, combined with regular cross-organisational reviews, led to improved effectiveness of the combined team. These teams were comfortable seeking feedback from their stakeholders and acting on it as a collective. They were open to learning from their external environment and this kept the team renewed and refreshed.

Another opportunity for learning and renewal happens when personnel changes occur on either side of the partnership. This should give the partnership a chance to review the common goals and ways of working, the structure of the partnership teams, and the roles and responsibilities. This review process, when done well, was said to re-energise the outsourcing arrangement and create a new momentum towards goal achievement. However, many of our respondents felt that changes to team personnel are not handled effectively and often communicated poorly, leading to uncertainty, conflict and loss of tacit knowledge.



Additionally the transition from deal to delivery was widely seen as a major step that is not planned for sufficiently and whilst many felt that key members of the delivery team from both sides should be in place before the contract is closed, this very rarely happened in the real world.

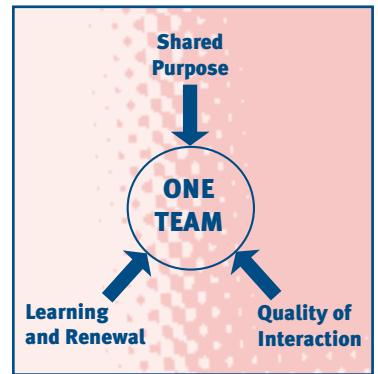
Other factors mentioned by our respondents that inhibited successful teamwork included:

1. Differences in reward and recognition mechanisms on each side of the arrangement
2. Changes in the strategic drivers of either side
3. Conflict not being dealt with in a constructive way

4. Lack of attention to the interpersonal dynamics of the team
5. Mindset, e.g. 'the supplier/client is the enemy and out to screw me'
6. Getting caught up in processes rather than focusing on the deliverables
7. Differences in motivators on each side of the partnership

In Conclusion

The success of a partnership depends heavily on those involved in delivery from both sides. The very best partnerships cited by our interviewees always had a very strong "one team" ethic based on shared purpose, a high quality of interaction and a good approach to learning and renewal within the team.



The one team approach gives each organisation the best chance of dealing with the unexpected, achieving their own objectives and unlocking unknown, untapped opportunities.

HOW WE CAN HELP Whether the partnership is newly forming or has been established for some time, we recommend conducting a series of one-to-one diagnostic interviews and then bringing the team together. The tailored cross-team workshop will cover areas, including:

1. **Common purpose, goals and strategy**
2. **Clarity of roles and responsibilities**
3. **Cultural differences and similarities**
4. **Performance management / accountability**
5. **Common approaches, processes and maintaining knowledge**
6. **How we will learn and renew ourselves as a team**
7. **What our collective measures of success will be**
8. **How we will regularly review and improve our collective performance**

Benefits From Maintaining A True "One Team"

1. A partnership that delivers, even through significant change and challenges
2. Empowered individuals, with a clear 'line of sight' to the higher purpose
3. Clear, informed decision making
4. Enhanced problem solving, innovation and creativity
5. Constructive conflict management and resolution
6. A team that deals with personnel changes flexibly
7. Retained tacit knowledge
8. A much better working environment within which individuals can excel

HIGH PERFORMING PEOPLE

Personal Capabilities; Personal Effectiveness; Personal Leadership

What Our Research Has Found

It is the personal relationships between people that make the partnership between two businesses work. There was near universal agreement from our respondents that people needed to communicate more. “There are not enough conversations – we don’t agree how best to work together on the arrangement.” A shortfall in communication led to unnecessary conflicts – “A big cause of friction is lack of proper face-to-face time”.

There was also wide agreement that it was critical that individuals were able to function effectively and that “a high degree of resilience is required – when the pressure is on from both sides”. Our respondents commented that good conflict management was essential for highly successful partnerships and that it was “important to find a way of uncovering issues quickly and become obsessive about finding them” and to “resolve them quickly – stop small problems becoming unnecessarily bigger”. Interviewees spoke of the benefits of joint issue resolution, recognising that “jointly uncovering and satisfactorily resolving a problem, strengthened the relationship”.

There were frequent references to responsiveness, adaptability and flexibility as important personal traits. Respondents referred positively to “people who are willing to flex and find compromises”. The best people “go above and beyond – they seek out what will make a real difference”, and “have a real passion and fire which is infectious, and they bring this into our team.” One respondent said that “people should be

“It is about the personal capability to do the right thing; make the right call; deal with the challenges and the unexpected”

infected with ‘what else can I do’ syndrome and, rather than accept restrictions, find a way around them”. And another said that the best people maintained a “clarity and focus on what really mattered – which could change daily.”

Whatever level in the organisations people are working at, the personal leadership they show through “good judgement is paramount – things change on a daily basis. You can’t just rely on a rigid decision framework.” Many respondents agreed that “it isn’t about technical capability – all the suppliers in a sector can do these bits OK. It is about

the personal capability to do the right thing, make the right call, deal with the challenges and the unexpected.”

One good example cited was where: “We had an unexpected situation that presented a big risk. Someone from my team and someone from the supplier stepped up together. They just realised this was something that needed fixing and agreed together to do something about it. Thank goodness they realised this quickly, as it was a critical issue.”

In a key link to our findings regarding senior leaders, our research found that senior leaders have a critical role to play and must take responsibility for:

1. Selection of the right kinds of people, who can operate effectively in these complex and challenging environments
2. Matching key roles to the right people
3. Providing the necessary personal development and support environment for key individuals to thrive
4. Promoting empowerment and accountability without isolation
5. Enabling people to make decisions and learn, whilst providing them with a safety net should things not work out



In Conclusion

Ultimately, successful delivery comes down to high performing individuals. The people who are at the sharp end in both organisations have to operate in an environment where there are additional pressures and conflicts. We have identified five qualities that make up individuals' Personal Performance that are key to delivering high performing business partnerships:

1. Good levels of personal resilience—a strong inner belief
2. Successful handling of conflict in its many forms
3. Effective networking, communications and influencing across both organisations
4. Good decision-making and sound judgement, and the ability to take control of situations, particularly when things are not going well
5. Responsiveness and adaptability—the ability to cope with the unexpected

FIVE QUALITIES OF PERSONAL PERFORMANCE



Benefits From High Performing Individuals

The benefits from high performing individuals, include:

1. Happier, more fulfilled, less stressed people
2. Better use of people's time—increased efficiency of activities and reduced waste and diversions
3. Reduction in unnecessary exaggerated conflict due to issues being ignored early on
4. Better team working through increased influencing and communication all round
5. People who are better equipped to deal with the unexpected

There are other long-term benefits too:

1. Increased employee engagement and retention
2. More capable individuals, able to adapt to new projects and situations

HOW WE CAN HELP Our profiling, assessment and coaching approaches, help individuals to improve their performance, rise to new challenges and maximise their potential.

Our techniques include:

1. **Profiling of people for key positions, using the five qualities of personal performance**
2. **Assessment of individuals to create real actionable personal development plans, and turn them into sustainable high performers**
3. **Training to enhance the capabilities and skills of key individuals, focusing on resilience, conflict handling, influencing and decision making**
4. **Bespoke one-to-one coaching of selected individuals**
5. **Mediation of conflict which the parties have been unable to resolve in-house**

PARTNERSHIP AND RELATIONSHIP HEALTHCHECKS

Your clients, your partners, your staff – what do they really think?

Understanding Relationships

We use a variety of research techniques, tailored to each organisation. These are designed to provide insights that will enable you to manage better your organisation's relationships with its varied audiences.

The right research can:

1. Benchmark best practice to measure performance
2. Assess staff satisfaction on both sides of the partnership
3. Test the effectiveness of internal and external communications
4. Deliver cultural audits on attitudes and beliefs
5. Survey your clients', suppliers' or partners' views on you and your relationships with them
6. Uncover what triggers positive change and what doesn't

Our Approaches

Employee Opinion Survey

We design employee surveys that have a much higher chance of engaging your employees and encouraging quality responses. These can be focused on specific aspects, including those of your strategic partnerships.

Communications Survey

We use communications surveys to audit your current communications strategy: content, process and behaviours. Are the right messages reaching the right audiences, in the right way, at the right time?

Client Survey

A client survey is designed to gauge your clients' satisfaction levels, determine the quality of your relationships, anticipate future requirements and give you feedback on areas for improvement, as well as organisational strengths.

Partner 360 Degree Survey

This survey is specially designed to seek feedback and gauge satisfaction levels of both parties in a partnership. It determines the quality of the relationship, assesses strategic alignment and evaluates the degree to which the partnership is working. It provides both sides with feedback on areas for improvement and strengths on which to build.

Benchmarking

We can create surveys designed to benchmark you, your partnerships and your partners against other organisations (within and across sectors), based on agreed criteria.

Delivery of Results and Improvements

Key findings and recommendations against your objectives are compiled, insights delivered and conclusions drawn to give you a clear set of actions.

Our consultants are experienced business psychologists and have the skills to follow up on any issues that are identified through your research. Whatever you find out about your or your partners' organisations, we are ideally placed to help you drive the changes you need.



AND FINALLY

Nicholson McBride is one of the UK's leading business psychology consultancies.

Since the mid 1980s, our particular expertise has meant we have led the way in leveraging people performance for the greater benefit of a wide range of organisations, including FTSE 100 companies, central and local government, public service organisations, professional service firms and many financial institutions. Tellingly, we still work for many of the clients we started with.

Today, we remain independently owned which means we are true to our guiding principles, one of which states that we will never lay claim to expertise we do not possess. Rather, we invite you to study our track record. Over the past two decades we have produced 11 books, 5 of which became television series, contributed regular media comment and maintained an impressive growth rate, over 80% of which is based on repeat business and referral.

Our consultants come from a variety of backgrounds and hold a mix of psychology and business qualifications. They have usually worked in industry before joining us, ensuring their effectiveness is second to none. All our solutions are tailored to fit your organisation's requirements. Our starting point is to understand your existing processes – the ones that matter – and weave the learning into those.

Sessions are brought to life using a range of techniques – from employing actors in role playing new skills, to designing bespoke board games. We are not trainers delivering to a set script. We think on our feet. We challenge an individual's thinking, leaving them feeling stretched and motivated.

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