Best Practices for Managing & Measuring Partner Relationships

Session 1J/1K • 3:00 - 5:15pm
LeadingAge Michigan
2014 Annual Conference
Speakers

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Overview

- Frameworks for thinking about partner relationships
- Tools for structuring success
- Putting it in action
- Case studies
How Have Partnership Models Evolved?

Examining the shift through the lens of corporate philanthropy...

**Older Models:**
- Many broad relationships with diversity of institutions
- Primarily driven by cash exchange
- Generally favored nonprofit’s interest
- Arm’s length relationships
- Garnered intangible benefits for the donor
- Minimal reporting required
How Have Partnership Models Evolved?

*Examining the shift through the lens of corporate philanthropy...*

**Newer Models:**

- Selective engagement with fewer institutions
- Vested commitment to the relationship
- Mutual accountability for shared goals
- Multiple touch points across organizations
- Greater emphasis on results and outcomes
Steps for Successful Partnership Development

Partnership Development Cycle

- Preparation
- Cultivation
- Alignment
- Stewardship
- Performance Review
- Refinement
Steps for Successful Partnership Development

- **Preparation**
  - Define business case
  - Understand available resources and capacity
  - Secure internal support

- **Alignment**
  - Conduct partner identification and vetting
  - Narrow options by determining “strategic fit”
  - Engage in exploratory discussions about the possibilities
  - Determine common interests

- **Cultivation**
  - Agree on partnership goals
  - Align implementation strategy with goals
  - Establish partnership protocols and procedures
  - Communicate partnership goals to stakeholders
Partner Prospecting Checklist:

✔ Compatibility of mission and values with business goals
✔ Organizational health
✔ Program design
✔ Finances/budget
✔ Measurement capabilities
✔ Stakeholder engagement
✔ Recognition opportunities
✔ Branding/public relations
Steps for Successful Partnership Development

- **Stewardship**
  - Connect regularly to discuss milestones
  - Be active and thoughtful in relationship management
  - Create opportunities to strengthen connections

- **Performance Review**
  - Summarize accomplishments
  - Compare and contrast results
  - Discuss challenges and opportunities

- **Refinement**
  - Determine if and how the relationship will move forward
  - Use data to inform partnerships adjustments
  - Confirm agreement on future goals
Why Partner?

- Partner to enable focus
- Partner to reduce costs
- Partner for market access
- Partner for customer access
- Partner to complete solution
- Partner for innovation/differentiation
- Partner to expand sources of revenue
- Partner to expand resources access
- Other?
## Core Partner Types

<table>
<thead>
<tr>
<th>SUPPLIER PARTNERS</th>
<th>DISTRIBUTION PARTNERS</th>
<th>INFLUENCE PARTNERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Question:</strong></td>
<td>“Buy or build?”</td>
<td>“Indirect or Direct?”</td>
</tr>
<tr>
<td><strong>Role:</strong></td>
<td>Complete the solution</td>
<td>Extend sales reach</td>
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<tr>
<td></td>
<td>Enable faster time-to-market</td>
<td>Accelerate sales</td>
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<tr>
<td></td>
<td>Facilitate focus on core competencies</td>
<td>Reduce costs</td>
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<tr>
<td></td>
<td>Give competitive advantage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduce costs</td>
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Whole Service

The whole service is the minimum products & services needed to fulfill the target customer’s need to buy.
Sales & Distribution Channels

CHAMPIONS

EXPERTS

Marketing Complexity

Solution Complexity

Higher

Lower

Higher

Lower

VOLUME

Low Touch

High Touch
Influence Partners

Leveraging influence partners to drive business objectives:

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>VALUE</th>
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</thead>
<tbody>
<tr>
<td>Marketing Partners</td>
<td>Brand Association</td>
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<tr>
<td></td>
<td>Demand Generation</td>
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<tr>
<td>Side-by-side Selling</td>
<td>Account Relationships</td>
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<tr>
<td>Partners</td>
<td></td>
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<tr>
<td>Association Partners</td>
<td>Group Affiliation</td>
</tr>
<tr>
<td>Ecosystem Partners</td>
<td>Network Effect</td>
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<tr>
<td>Government Partners</td>
<td>Business Endorsement</td>
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</table>
Inside Looking Out

Revenue & Profit Potential from the Partner

<table>
<thead>
<tr>
<th>Earning Partner</th>
<th>Strategic Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited Partner</td>
<td>Learning Partner</td>
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</tbody>
</table>

Partner’s Potential to Help You Develop your Core Competencies

Outside Looking In

Mainstream Services

Adjacent/Contiguous Services

Unworthy Services

Orphan Services

Higher

Revenue Productivity

Potential Worthiness

Lower

Higher

Lower

Higher

Orphan: When the Value Proposition Isn’t Strong Enough

- Frameworks for thinking about partner relationships
- Tools for structuring success
- Putting it in action
Partner Synergy Drives Stratification & Resource Alignment

- High Value to Organization
- High Value to Partner: Strategic
- Low Value to Organization
- Low Value to Partner: Opportunistic
- Misfit
- Orphan

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Partner Value

![Strategic Value Growth Potential Diagram](image)
Partner Value

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A **BUSINESS PROPOSITION** answers:

“Why should we bet our resources and reputation on you?”
*(partner question)*

This contrasts with a **VALUE PROPOSITION** that answers:

“Why should I buy your services?”
*(customer question)*
Contrasting the Propositions

<table>
<thead>
<tr>
<th></th>
<th>Value Proposition</th>
<th>Business Proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus:</td>
<td>Services</td>
<td>Partners</td>
</tr>
<tr>
<td>Objective:</td>
<td>Sell services using the value proposition</td>
<td>Create bias through the business proposition</td>
</tr>
<tr>
<td>Attributes:</td>
<td>- Features</td>
<td>- Profits</td>
</tr>
<tr>
<td></td>
<td>- Benefits</td>
<td>- Incremental sales</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Strategic Value</td>
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</table>
Give and Get

Potential Stakes to bet on the Partnership:

- Technology
  *(product, platform, and process technologies)*

- Resources
  *(money, time, talent and knowledge)*

- Relationships
  *(with customers, channels, investors, government)*

- Reputation
  *(visibility, credibility, brand equity)*

- Core Competencies
  *(critical capabilities for execution)*

- Chemistry of Key People
  *(culture, character, personalities, values)*

- Company Vision and Strategy
  *(purpose, mission, values)*
Essentials of Partnering

- Be sure you understand the contractual relationship you have with your partner.
- Be sure your partner understands what value you bring to the partnership.
- Be sure you understand what value your partner brings to the partnership.
- Have a business plan that includes your partner.
- Get the top people in your organization behind the partnership.
- Personally work to make the partnership successful.
- Find a good reason to partner.
Essentials of Partnering continued

- Don’t tell your partner what you think he wants to hear; tell the truth.
- When conflicts arise, seek to understand your partner’s position.
- Never talk in a negative manner about your partner in front of clients or other third parties.
- Respect your partner’s way of doing business.
- Don’t let one incident or one person spoil a partnership.
- Stick with your partner in good and bad times.
- Focus on your partner’s added value.
Partnering Lifecycle

**EARLY PHASE**
- Partners are sizing each other up
- Firms mobilize internal support for alliance

**GROWTH PHASE**
- Firms demonstrate commitment

**MATURITY PHASE**
- Firms revisit relationship
  - Firms understand value
  - Contracts may be up for renegotiation
  - Firms may decide to dissolve relationship
Overview

- Frameworks for thinking about partner relationships
- Tools for structuring success
- *Putting it in action*
Developing a Strategy Overview

- Relationship Overview
- Opportunity Overview
- Business Overview
- Success Overview

PURPOSE=
Aligning on view to relationship
Relationship Overview

- Nature of Relationship
  *Supplier, Distribution, Influence?*

- History of Relationship
  *New, Previous Interactions, State of the Relationship?*

- Level of Relationship
  *Executive Level, Manager Level, Other?*

- Importance of Relationship
  *Strategic, Opportunistic, Tactical?*

- Expected Length of Relationship
  *Short, Unknown, Long?*
Opportunity Overview

- Problem Statement
  *Description of Problem Being Addressed - Business or Technical?*

- Size of Problem or Opportunity?
  *Metrics Outlining Size and Velocity?*

- Ramifications
  *What happens if problem or opportunity is not addressed?*

- Compelling Motivators
  *Compelling reasons to act?*
Business Overview

Combined Offer to Market
*What does the relationship yield?*

Partnership Goals & Objectives
*Revenue, market share, reach, etc.*

Business Proposition
*What value does this bring to the partner? The organization?*

Gives to Gets
*Gives to Gets?*
Success Overview

Enablers
- What will work to the partnership’s favor?

Blockers
- Negatives or risks?

Measurement
- What does success look like:
  - 3 months out?
  - 6 months out?
  - 12 months out?
Facilitated case study panel discussion
THANK YOU!

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