Successful Partnership Relationships – Get the People Aligned

Most people say they’re a team player in the interview — and most truly believe they are. But the reality is that sometimes working with others isn’t as simple as it sounds.

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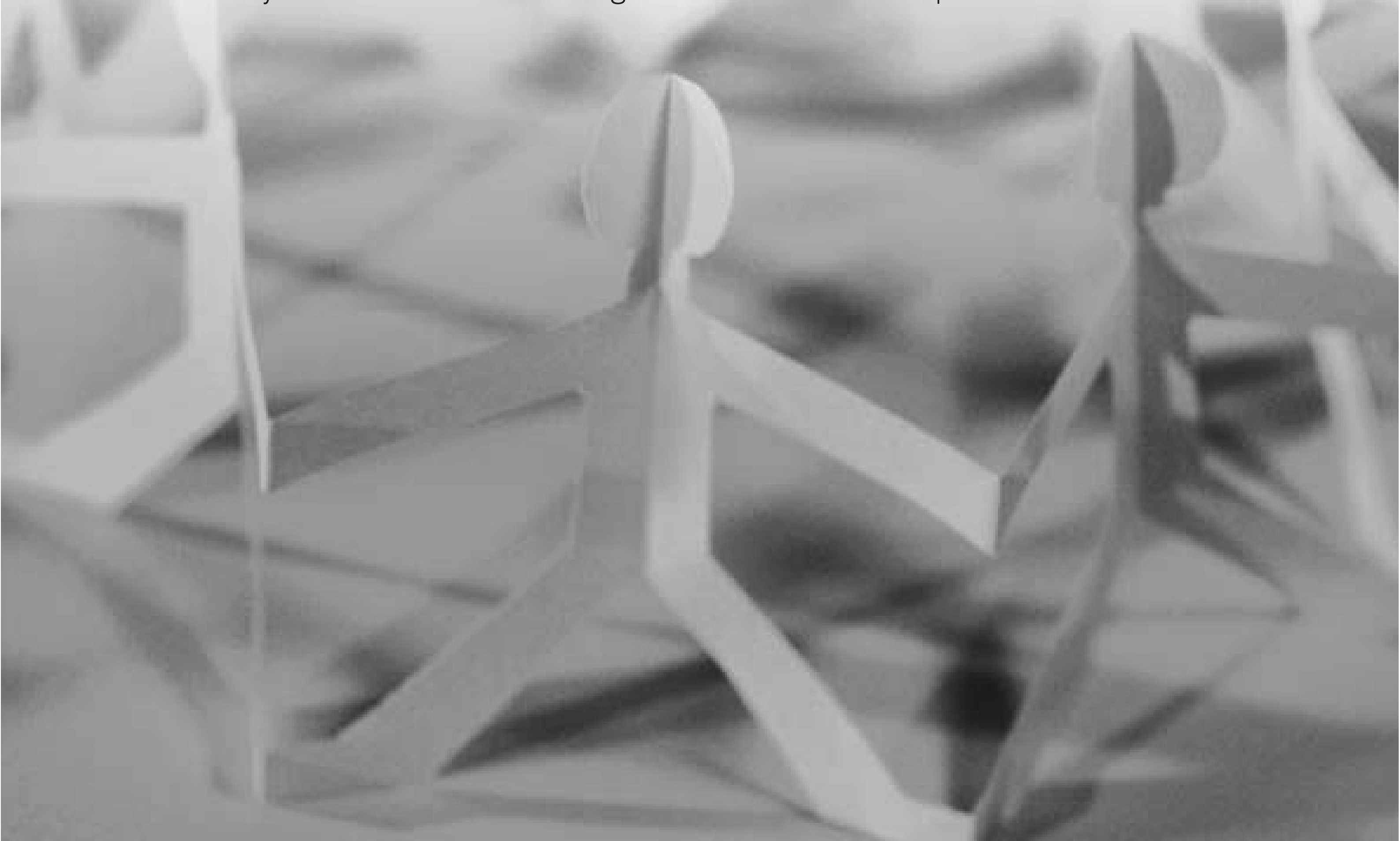
Partnering is built into the fabric of almost every company in the pharmaceutical and biotechnology industries. The nature of partnerships varies from the specific transfer of knowledge or capability to a full interrelationship of product development, marketing, sales and manufacturing, from the contracting out of a specific piece of work to a strategic shared-risk outsourcing relationship.

The number of partnering activities in a large company runs into hundreds. Each party involved must focus on measuring, monitoring and controlling the dimensions of the relationship to ensure success. Organizations are shifting their internal structures to facilitate partnering. This trend was evident at a recent DIA conference called “Establishing Competitive Advantage in Today's Pharmaceutical and Biotech Industries: The Integration of Project Management, Financing and Outsourcing Processes.”

External consultants focus on putting in place frameworks to cover legal and intellectual property (IP) agreements. Across the industry there are significant ongoing activities in managing parternships, integrating control processes into the organization, and establishing the legal framework for operation.

So, the industry must be pretty successful at managing partnerships? Not always. A recent IBM survey found that 52% of pharmaceutical/biotechnology partnering relationships did not deliver the value that was originally foreseen by biotechnology companies. Why, with the intense focus that



companies have on partnering activities, is the success rate not better? The answer lies in the people and the way they operate at the interface of the partnership. All partnering relationships require an alignment of involved parties at a minimum of three levels:

- the sponsor or owner level
- the relationship management team level
- individual collaborators.

This article will explore what 'alignment' means and how to achieve it at each of the levels of the partnership.

Alignment at the sponsor or owner level

The alignment at the sponsor level ideally takes place prior to full agreement of the partnership. This is to ensure that major issues do not derail the partnership during its operation.

The first target for sponsor alignment is the vision of the partnership. All too often sponsors from different parties have different expectations and views on the outcome of the programme. It is fundamental that all parties own the delivery of the combined vision. For example, consider a collaboration between a pharmaceutical company and an academic institution. The pharmaceutical company would undoubtedly have the delivery of a marketable and financially viable product in its core vision, whereas the academic institution may have the ongoing project funding in its core vision. Both can be compatable but need to be agreed upon up front.

The second target for sponsor alignment is the clarification of boundary conditions. Usually expectations on financial, resource and time commitments are formed but not fully articulated and agreed. Agreeing on commitments and a process for adjusting these as new information about the partnership is learned provides a flexible and stable platform for managing commitments. Allowing financial, resource and time commitments to emerge as the partnership matures places one or both parties, and indeed the partnership, at risk.

The third target for sponsor alignment is to ensure that IP issues are identified and addressed prior to project start. Gaps in agreement on ownership of existing or new IP may cause serious conflict at a later stage and are a major risk for partnership failure.

The fourth target for sponsor alignment focuses specifically on large strategic partnerships. The image that the partnership portrays to the market may have different types of importance to different partners. Take the example of a codevelopment relationship between a pharmaceutical company and a biotech. The pharmaceutical company may wish the market to view the initiative as an entry into a new target area, whereas the biotech may wish the market to view the initiative as a source of confidence to help drive new investment. What is communicated and how it is to be communicated needs to be agreed up front.

The appointment of leadership to manage the interface team between the parties is the fifth target for sponsor alignment. This may be different individuals from different parties, or it may be a selected leader. The approach to be taken to management of the team and the criteria for suitable candidates should be agreed up front, and capabilities should include cross-cultural leadership, team optimization and project management skills.

The sixth target for sponsor alignment is to agree a review strategy. This is to ensure that lessons learned and new information uncovered is able to modify sponsors' expectations and agreement in a consolidated manner. A review strategy will include the following:

- A management process for partnership termination, changes in contractual terms, and shifts in timeline and boundary commitments.
- An ongoing understanding of the impact on the partnership of shifts in market dynamics, organizational changes such as mergers and major organizational role changes, shifts in boundary conditions because of project change, milestone changes and other significant events.
- An approval process for remediation.

Agreement to the above will create a consolidated platform on which to build a partnership relationship. As the elements listed are high risk and occurrence of conflicts in this area may well lead to a major failure of the programme, it is advisable that they are in place prior to contractual finalization.

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Aligning relationship management

With the sponsors aligned and an interface leader(s) in place, the next set of targets focuses on establishing a relationship management team. The relationship management team contains representation from all parties in the partnership and is tasked with ensuring the partnership is actively and well managed.

The first target for alignment at the relationship management team level is to understand the nature of the partnership and the types of operational management skills the relationship team will require. Areas for assessment should include

- The levels of exploration and innovation that are required to produce the outcome. Are the programme activities likely to require innovative approaches or are activities pretty standardized?
- The nature and amount of interoperation between the parties to produce the product, such as full codevelopment requiring ongoing interaction versus technology transfer with focused interaction.
- The amount of internal and cross-party selling of concepts and ideas to be accomplished.
- The levels of coordination and project management required.
- The role of quality standards.

In categorizing the partnership in this way the nature of required team operational skills is defined.

The second target at this level is to build the interface team. The needs of the partnership provide some guidance as to the nature of the individuals required, but are not necessarily prescriptive. The use of appropriate skills analysis tools will help to identify the ideal team and actual team makeup. Its value is threefold: team selection in line with requirements; gap analysis and action planning to make sure that areas of team weakness are managed; and team building in identifying where, within the newly formed team, particular skills lie.

Establishing formal project objectives is the third target at this level. Through enhancing the sponsors' vision and including operational criteria, the team should develop SMART (specific, measurable, achievable, realistic, time-bound) objectives.

The fourth target is for the relationship management team to define the 'product' or the outcome of the programme. The act of producing a multidimensional description of what the partnership produces will ensure that there is a transparency of understanding to guide activities. In describing a partnership's product or outcome the following criteria should be considered: a description of the content of the outcome; the structure of the content; how the product will be used; how the product will be valued; and how the product will mature or change with time.

The fifth target for alignment at the relationship management team level must be a set of operational rules, processes and structures for the partnership, which need to be agreed upon by all parties. These may come from any of the operational groups' home rules or may be a new set of rules used by none of the parties. There are several operational areas that need to be considered.

- Approach to project management. An analysis should be conducted on how projects are managed in each party's home environment and an agreement reached on a partnership approach. The dimensions of project management that should be considered are planning, decision making, resource management, priority setting, reporting, accountability and knowledge management.
- Team roles and responsibilities. The definition and agreement on roles and responsibilities enables the team to quickly move to a productive position. The roles are based on team need and individual capability.
- Establishment of a communication plan. This should ensure that information flows through all parties in a consistent and timely fashion.

Finally, for alignment at the relationship management team level, cultural differences that exist between the groups should be identified. These may be as a result of country location, size, the type of business and internal philosophies. The act of understanding the differences enables the team to quickly work though conflict areas created by cultural differences. An example of a cultural issue may be decision making. In some cultures (country or company) decision-making authority is delegated to a representative, in others the representative will need to gain support from their managers but are uncomfortable communicating their perceived lack of authority. Understanding issues such as these allows individuals to better understand the unwritten rules of the relationship.

Once the operational team is in place — operating to agreed targets and transparent outcomes, under an established set of operating rules — the partnership is ready to begin focusing on operational activities.

Alignment across individual collaborators

Individual collaborators must have a baseline of partnering skills for a partnership to begin operations. These skills should be further enhanced throughout the lifetime of the partnership, delivered in a just-in-time fashion, to ensure they have maximum impact.

Directive skills include visioning, establishing direction and planning. These skills are core to ensuring that the project moves forward in a planned and optimized fashion. Meeting skills include active listing and idea development. Such efforts ensure that the team quickly merges into a single entity capable of exploiting its diversity. Cultural awareness is necessary, particularly in areas that may be likely to affect the partnership. Some common areas of conflict are collective versus individual cultures and specific versus diffuse relationships.

Remote operating skills will enable members of different parties to collaborate while operating at physically remote sites. This requires collaborators to have the necessary direction and understanding to be able to operate without ongoing reliance on co-located team members, and have networking skills to enable them to build and maintain relationships with remotely located collaborators, possibly operating under very different cultural conditions.

Complex, but necessary

The delivery of successful partnering is complex and difficult. While the list of activities for successful partnering may be daunting, mastering them will place the partnership in its most optimal position to deliver successfully. Focusing on individual areas may help, so break the problem into pieces and address one at a time. Use experts to provide you with facilitation, training and framework capabilities.

The use of third parties to facilitate the partnering process can be valuable as it neutralizes perceived dominance of any of the parties in the partnership, and provides a high speed implementation. Larger companies that wish to position themselves as partners of choice need to both master the partnering alignment process and their ability to influence partners to adopt the approach. ■

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