SEVEN HABITS OF HIGHLY EFFECTIVE ALLIANCE PROFESSIONALS WHO DELIVER VALUE

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

The Rhythm of Business®

Contents

Preface 3
Practice seven habits to make your work tangible, visible, measurable, and understood.

The Value of Alliance Management and the Cost of Time ... 4
The true value of alliance management is in overcoming the inefficiencies of alliances and partnerships and maximizing their effectiveness. Despite the clarity of this purpose and value, many alliance professionals struggle to measure and communicate the value of their services.

Optimizing Value to Stakeholders 6
Enabling the primary customers of alliance professionals to succeed in the value-creating work of an alliance is the true measure of an alliance professional's success.

The Seven Habits of Highly Effective Alliance Professionals 8
Learn the seven habits: what they are, why they matter, and how to practice them.

The Value of Alliance Management and the Seven Habits 16
Capturing maximum value from alliances is every alliance professional's mandate. Practicing the seven habits holistically leads to ingrained behaviors that enhance and preserve value.

Recent Thought Leadership Publications from The Rhythm of Business 17

About the Authors and The Rhythm of Business 19

Preface

Habits are internalized behaviors we engage in without really thinking about them. They take practice to develop competency in and to build the muscle memory so that they become ingrained and naturally how work gets done. For alliance professionals, it is important to develop habits that lead to the mindset and services that produce the value their key stakeholders care about the most.

Alliance management is an enabling function, often without a direct line to revenue. It can be challenging for alliance professionals to measure and communicate the value of their services and to make their work visible. As a result, in times of uncertainty such as our current period, they can become an easy target for the budget axe.

With apologies to Stephen Covey, we present seven habits highly effective alliance professionals develop and practice to deliver valued services to stakeholders and make their work tangible, measurable, understood, and appreciated.

In collaboration and partnership,

Jan and Jeff

Jan Twombly, CSAP
Jeff Shuman, CSAP, PhD
Newton, MA
February 2021

The Value of Alliance Management and The Cost of Time

Anyone who has worked on other than the simplest of business partnerships appreciates one of our favorite truisms: Alliances are conceptually simple—and operationally very challenging. It will always be true that multiple companies working collaboratively to achieve a common purpose will have inefficiencies to overcome that a single company working alone will not. Accomplishing something that could not be done or only done significantly less economically without partnership must add more value than the inefficiencies of partnership subtract. Therein is the true value of alliance management: *preventing and removing inefficiency and maximizing effectiveness, ensuring that the full value of what was anticipated at the time a partnership was created is realized and that opportunities to expand upon that value are captured, while minimizing unnecessary costs and delays.* We refer to this as managing the cost of time.

Time is measurable and its value can be calculated. How much additional market share do you earn by being first to market? How much value is lost when patent life is erased by development decisions that take months to make? Of course, especially in a collaborative endeavor, no one is solely responsible for any measure of value. The market share gained or time savings produced by overcoming inefficiencies are a fair measure of the value of alliance management services. This can be contextually monetized in conjunction with strategic and financial metrics.

The true value of the discipline of alliance management: preventing and removing inefficiency and maximizing effectiveness, ensuring that the full value of what was anticipated at the time a partnership was created is realized and that opportunities to expand upon that value are captured, while minimizing unnecessary costs and delays. We refer to this as managing the cost of time.

The Challenge

Despite the clear purpose and value of managing alliances well, we frequently hear from alliance professionals that they struggle to measure and communicate the value of their work and that it is not recognized by senior management. In some recent discussions we've heard comments such as:

- *"The value of my alliances is significant, yet I struggle to get an audience with corporate leadership."*

We frequently hear from alliance professionals that they struggle to measure and communicate the value of their work and that it is not recognized by senior management.

- *"We have inadequate resources and inconsistent corporate support for alliance management."*
- *"I am tasked this year with building a community of practice—with no resources."*

How can this be when the need for partnership has never been greater? When talking about the rise in partnership as a silver lining of the pandemic, Alexander Hardy, CEO of Genentech said, "Partnership is really critical. So, lean in with us. We're fully committed to making a significant difference against COVID-19 and we know we can't do it alone. We need partnerships."

Partnership is also essential to pull us out of the global recession. According to the IMF's World Economic Outlook from October 2020, "The cumulative loss in output relative to the pre-pandemic projected path is projected to grow from $11 trillion over 2020–21 to $28 trillion over 2020–25.[1]" Couple this loss in output with the transition to digital everything and it is clear most companies will need to partner to innovate and return to growth.

The onus then, is on alliance professionals to provide services that manage time to maximize the value of an alliance and overcome its inefficiencies. They must then measure and make it visible in ways that are meaningful to the organization.

[1]Gita Gopinath, https://blogs.imf.org/2020/10/13/a-long-uneven-and-uncertain-ascent

Optimizing Value to Stakeholders

Alliance professionals' primary customers are the executives within their own company who have a stake in alliance outcomes. Enabling them to succeed in the work that achieves the North Star of an alliance—and the value that creates for the beneficiaries of the alliance—is the true measure of an alliance professional's success.

These key stakeholders who sponsor and serve in alliance governance recognize the value of alliance management processes led by qualified professionals. For example, we recently had a conversation with an alliance director responsible for partnerships that generate billions of dollars in annual revenue. The CFO's budget axe eliminated his department and job—largely because his direct manager never bothered to really appreciate his contributions or serve as a champion within the senior executive ranks. It is also safe to say that the alliance professional and his team did not proactively measure and make their work visible. Faced with the loss of this role, his stakeholders (egged on by their counterparts from partner companies) rallied to his defense and found funding for his job under the auspices of another team. The alliance management department was not so lucky.

The key stakeholders who sponsor and serve in alliance governance recognize the value of alliance management processes led by qualified professionals.

Absent a clear understanding in the executive suite of the value of alliance management services, the function is treated as a "bolt-on": under-resourced, invisible, and yes, set up to underperform at best and at worst, eliminated when budgets get tight.

Focusing on What Matters Most

For alliance managers to truly add value, they need to be engaged with and immersed in the teams executing the work of the alliance. The greater the degree of complexity and risk within an alliance or alliance portfolio, the higher touch the management of both partners and internal stakeholders needs to be to realize intended value. (For a discussion of three factors influencing value delivery to stakeholders, see The Demand for Alliance Management Has Changed. Are You Ready?)

Absent a clear understanding in the executive suite of the value of alliance management services, the function is treated as a "bolt-on."

One of the key challenges facing alliance professionals is the increase in the number of alliances they manage. The workload has been growing without additional resources—to the point that alliance professionals are limiting their remit. Despite exciting new types of alliances such as digital health that include partners from different industries and new business models, many alliance management teams are so stretched they have had to say no.

This sets up two dynamics. First, senior management sees relationships that thus far "work" without alliance professionals. Secondly, when they are overwhelmed with large numbers of alliances, it is very easy to focus on what is urgent and easy, falling into a reactive mode. That prevents them from delivering the important services stakeholders value the most.

It is important to monitor, measure, and report operational performance, not just alliance performance. Make data your friend. Develop a resourcing strategy and communication plan. Include operational excellence as part of everyone's objectives and allocate time to it. Digitizing your workflows makes this much easier.

The Seven Habits of Highly Effective Alliance Professionals

Based on our experiences, observations, and in-depth, quantitative assessments of alliance effectiveness, we've distilled the alliance management services that stakeholders value the most and that manage the cost of time into seven habits. *(See Figure 1—The Seven Habits).* Habits are internalized behaviors we engage in without really thinking about them. They take practice to develop competency in and to build the muscle memory so that they are ingrained and naturally how work gets done.

Habits are internalized behaviors we engage in without really thinking about them.

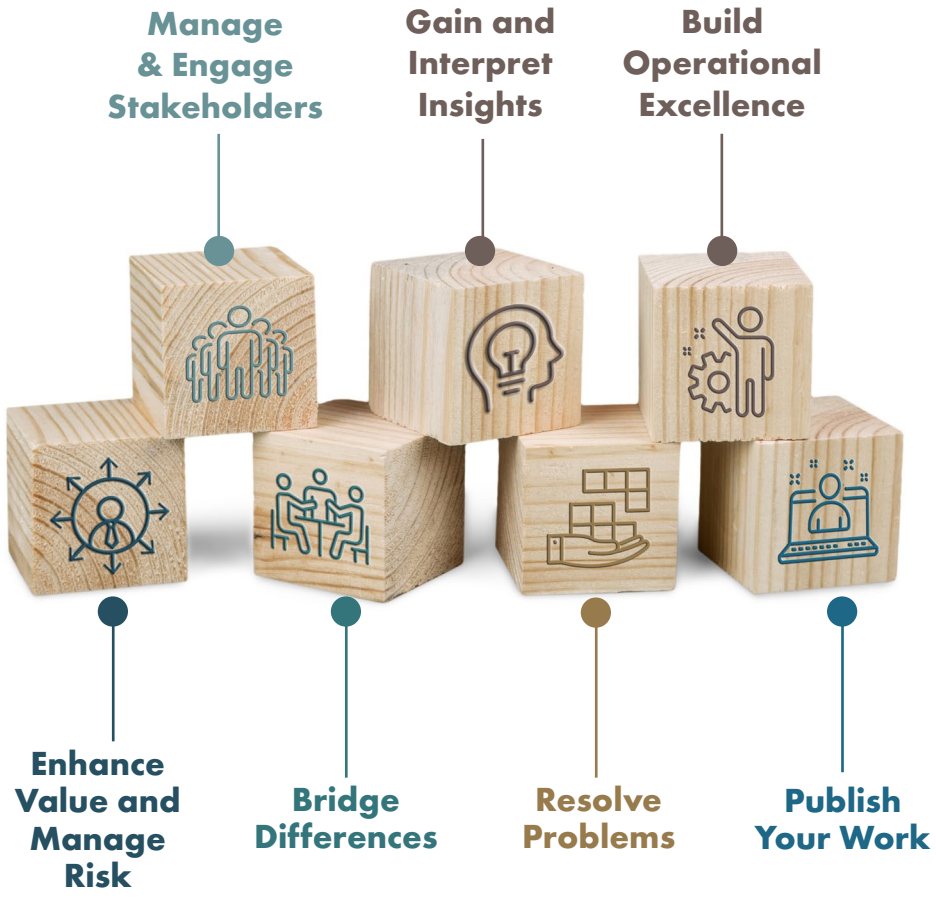


Figure 1 – The Seven Habits

Stakeholders appreciate the cross-functional, holistic view and ability to connect the dots alliance professionals have that executives with functional responsibilities often do not.

HABIT ONE:
Enhance Value and Manage Risk

What it is:

When a partnership is struck it is a promise of future value. Maximizing the intended value takes a well-managed alliance—one that doesn't allow the inefficiencies of an alliance to chip away at the promise. Additionally, it takes someone who internalizes the benefit the alliance provides to the end customer and sees a way to do so better, faster, cheaper and to identify ways to enhance the originally envisioned value proposition for the customers, partners, and individual stakeholders.

A corollary to enhancing and preserving value is managing and mitigating risk. Alliance risk has three components: Business, human, and legal uncertainty. Recognizing these risks and engaging stakeholders in actively addressing them is a key process for preventing delay due to indecision and other factors that let alliance inefficiencies overtake the incremental value the alliance is expected to provide.

Why it matters:

Alliances take away certain risks, such as gaps in a product portfolio, and introduce new alliance risks. Stakeholders appreciate the cross-functional, holistic view and ability to connect the dots alliance professionals have that executives with functional responsibilities often do not. Proactivity, seeing around corners, and addressing risk before it can become a problem is highly valued. Effectively managing risk often saves a company from unnecessary expense or loss of revenue. As a CEO once told us, "I need alliance managers to be my eyes and ears across the company."

How to practice it:

To enhance and preserve the intended value of a partnership, seek opportunities to expand reach, be useful to customers in new ways, or produce new intellectual property that can be monetized. Look for ways to improve cost structures for all partners, and monitor the obligations of partners to each other and to third parties.

Manage risk by carefully planning and structuring significant decisions around inflection points so that consensus is found expeditiously. Identify and conduct scenario planning for significant alliance risks. Ensure the alliance has a North Star that evolves as the alliance achieves milestones. As an alliance management team, regularly compare data across the alliance portfolio. Hold lessons learned sessions. Maintain a decision log and analyze it to look for decisions made, but that may not be being implemented or that work at cross-purposes to something a different

functional area of the alliance is doing. Make risk identification part of your startup process and develop a risk register that is reviewed and updated at governance committee meetings. Ensure key stakeholders are attuned to think about second and third order consequences. Encourage team members to come to you when they are not sure how to handle a situation or have a question about what is allowed under the alliance agreement.

HABIT TWO: Manage & Engage Stakeholders

What it is:

Stakeholder management and engagement is an essential process for understanding the alliance professional's primary customer—the people that populate the governance bodies and project teams—and enrolling them in enhancing and preserving value and minimizing risk by managing the cost of time. Once key stakeholders have been identified, consider their power and influence together with their interest and engagement in the work and the outcomes from the alliance. Implement both a formal and informal communication plan, ensure they are properly mapped to and connected with their counterparts, and undergo a robust onboarding process. (See How Alliance Professionals Treat Team Turnover as a Value-Adding Opportunity).

Why it matters:

As the alliance professional's most direct customer, building relationship with key stakeholders and truly understanding their interests, enables anticipating their needs and how to deliver value to them. Alliance professionals typically spend 60 to 70 percent of their time rallying internal stakeholders and their resources around the vision of the alliance. The more you are in synch with the needs of your stakeholders, the quicker you'll align, giving more time for doing valuable work.

How to practice it:

When first assigned to an alliance, interview the key stakeholders to build a relationship, understand their interests, and set expectations about what you offer them and what you need from them. Build a formal engagement plan and operationalize it, refining and iterating as the alliance develops and stakeholders change.

Once key stakeholders have been identified, consider their power and influence together with their interest and engagement in the work and the outcomes from the alliance. Implement both a formal and informal communication plan, ensure they are properly mapped to and connected with their counterparts, and undergo a robust onboarding process.

Effective alliances operate with a one-team mentality. That requires finding a third way—an alliance way—between the processes and policies of the partner companies. If not, value-eroding delays inevitably result.

HABIT THREE: Bridge Differences

What it is:

Differences in strategy, culture, organization structure, business models, and processes provide the leverage and resources partners seek—and also can be the cause of inefficiency and conflict. In certain instances, partners also compete, creating another whole set of differences to bridge. Alliance professionals that practice this habit use differences to find creative solutions to problems, to better understand what matters to both individuals and partner companies, and to satisfy what all concerned need from the alliance.

Why it matters:

Effective alliances operate with a one-team mentality. That requires finding a third way—an alliance way—between the processes and policies of the partner companies. If not, value-eroding delays inevitably result.

How to practice it:

This habit overlaps with managing risk and gaining and interpreting insights. Differences can produce risks that interests will be divergent and create misalignment. That's why understanding your partner is essential. Build a trusting and transparent relationship with your counterpart so that you can have the difficult conversations and together commit to always looking for the third way and not insisting it is your company's process that must prevail. Encourage the right behaviors among alliance teams by establishing charters, operating principles, or rules of engagement.

HABIT FOUR:
Gain and Interpret Insights

What it is:

Be the expert about your partner. Understand your company, too—how it is structured, makes decisions, its strategies—all the facts your partner wants to know about because it is what you want to know about your partner. Appreciate the industry and ecosystem context. Make opportunities to provide your insights to executives. It is valuable intelligence they would not otherwise get.

Why it matters:

No one else has the opportunity to understand your partner the way you do. Executives value that insight and the realtime understanding of how the partner's business is changing so that they can take appropriate action.

How to practice it:

Inquire about ongoing changes in the partner company, strategy, operations, and personnel to assess the impact on alliance strategy and operations. In every conversation with your counterpart, ask them, "So what's new in your company?" Follow their press releases and blogs. Listen to their earnings presentations. Attend their customer conferences. Make a practice of sharing what you've learned with your stakeholders in internal prep meetings, and encourage them to be curious and to share their insights. Don't wait for formal CEO – CEO meetings to brief your leadership. Provide regular unsolicited updates. They'll soon come to depend on them.

Be the expert about your partner. Understand your company, too—how it is structured, makes decisions, its strategies—all the facts your partner wants to know about because it is what you want to know about your partner.

If risk management and mitigation efforts fail and problems emerge, or an external crisis materializes, the alliance professional's role in quickly resolving the situation before it erodes value is the most visible and valued alliance management service.

HABIT FIVE: Resolve Problems

What it is:

Be proactive and recognize when the inevitable problems are developing. It is often a fine line requiring superior judgement to discern the difference between a misunderstanding that requires ensuring the parties have relevant information and a dispute that threatens to impede progress. Demonstrate to stakeholders that you can either work with your counterpart to resolve the issue or convene the appropriate people if an escalation is required. Manage the escalation through a previously agreed process that presents possible solutions and maintains accountability. Facilitate collaborative solutions that represent a fair and efficient distribution of value, mindful of potential second and third order risk.

Why it matters:

If risk management and mitigation efforts fail and problems emerge, or an external crisis materializes, the alliance professional's role in quickly resolving the situation before it erodes value is the most visible and valued alliance management service.

How to practice it:

Train your teams to recognize the difference between misunderstandings, typical business problems, and conflict. Build clear escalation guidelines for your internal team and with the partner. Conduct comprehensive stakeholder mapping. Always look for a collaborative solution that gets each partner as much of what they want as possible, rather than a compromise that leaves value on the table and satisfies no one, practically guaranteeing the problem will resurface. Have crisis management plans in place that include partners and the alliance professional's role in the communication cascade.

HABIT SIX:
Build Operational Excellence

What it is:

The operational work of alliance management should be as expected and routine in the organization as the work of any other enabling function. Minimize the visibility of low value activities and their draw on resources—finding ways to either increase their value, automate, or eliminate them. Develop and implement consistent practices based on alliance profile type so that stakeholders know what to expect regardless of the alliance manager they are working with. Renew focus on efficiency and effectiveness in alliance fundamentals such as planning, governance and decision making, risk management, measurement and improvement, communication, and reporting processes.

Why it matters:

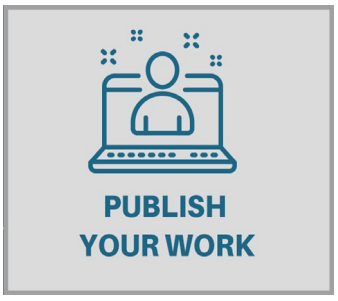
Stepping up your game and driving efficiency and consistency in the key operational aspects of alliances helps stakeholders do their best and reduces the friction of incorporating partnering into how business is done. It is simpler to make a business case for more resources when data supports the time it takes to manage an alliance. Building operational excellence also makes it easier to establish KPIs to evaluate team members, supporting career growth.

How to practice it:

As an alliance management team, define the consistent services you'll provide and the artifacts that accompany them. Develop service level agreements with stakeholders. Monitor, measure, and report operational performance, not just alliance performance. Make data your friend. Develop a resourcing strategy and communication plan. Include operational excellence as part of everyone's objectives and allocate time to it. Digitizing your workflows makes this much easier.

As an alliance management team, define the consistent services you'll provide and the artifacts that accompany them. Develop service level agreements with stakeholders.

Digitize! Use data! Activities are leading indicators, time is quantifiable, and intended outcomes either occur or they don't.



HABIT SEVEN: Publish Your Work

What it is:

Visibility. Transparency. It is imperative to have a presence and voice in the executive suite on par with other essential functions. Building that credibility, access, and understanding is ongoing work and a key responsibility of alliance management leadership. Periodic manual reports and dashboards don't do it. Alliance management needs a digital system of record that manages workflow, automatically produces reports customized to what the user needs and wants to see, controls content, and facilitates knowledge management. With a digital platform, alliance professionals are able to regularly publish their work. (See Alliance Management's Digital Future is Here).

Why it matters:

Digitizing alliance workflows creates visibility into alliances, drives efficiency and effectiveness, and improves the stakeholder experience by automating routine work and allowing a focus on higher-value services. It enables the measurement of activities, elapsed time, and outcomes so that they can be reported. It supports continuous improvement in the implementation of alliance management practices. Activities are leading indicators, time is quantifiable, and intended outcomes either occur or they don't. In short, digitizing alliance management workflows helps every alliance professional deliver greater value—and use data to measure and communicate that value throughout the organization.

How to practice it:

Digitize! Use data! Build a calendar of regular reporting of what is essential data and information customized for your key stakeholders. Help the senior executive in your reporting line be your advocate and incorporate alliances into executive forums. Hold lunch and learn sessions with alliance team members to address their questions and develop their skills. Present at conferences, start a blog—and talk about the work of alliance management professionals in a way that helps everyone in the organization understand that there are specific behaviors that drive alliance success.

The Value of Alliance Management and the Seven Habits

Time is a finite resource. There are 24 hours to every day. Efficient use of time provides more opportunities to create value by extending the reach, utility, or functionality of whatever your alliance is producing. Greater intellectual property can be developed. More customers served; more patients treated. Preserving intended value occurs when partners more quickly align on the path forward, commit the necessary resources, prioritize the work, and overcome differences in how they would do it if working alone. All of this is measurable and can be converted to financial value.

Capturing maximum value from alliances is every alliance professional's mandate. When the cost of time is effectively managed communication flows to those who need it, decisions get made, and problems are resolved. Practicing the seven habits holistically leads to preventing the inefficiency inherent in alliances from overtaking the intended value of the alliance. *(See Figure 2—The Value of Alliance Management).* The habits naturally lead to focusing on the alliance management services stakeholders value the most and make the value of these services tangible, measurable, understood, and appreciated.

Figure 2 – The Value of Alliance Management

Capturing maximum value from alliances is every alliance professional's mandate. When the cost of time is effectively managed communication flows to those who need it, decisions get made, and problems are resolved.

Recent Thought Leadership Publications from The Rhythm of Business

How Alliance Professionals Treat Team Turnover as a Value-Adding Opportunity,
Jan Twombly and Jeff Shuman, The Partnering Guide Blog, The Rhythm of Business, Inc., December, 2020.

Alliance Management's Digital Future Is Here,
Jan Twombly, Louis Rinfret, Jeff Shuman, and Michael Roch, The Association of Strategic Alliance Professionals, *Strategic Alliance Quarterly* Q4 2020.

Rumblings, Perennial Challenges, and Reimagining a Path Forward,
Jan Twombly and Jeff Shuman, The Partnering Guide Blog, The Rhythm of Business, Inc., December, 2020.

Breaking the Collaboration Paradox: A Leadership Requirement for the Next Normal,
Jeff Shuman, Drucker Forum Blog, The 12th Global Peter Drucker Forum, November, 2020.

The Silver Lining: Reimagining Alliance Management to Focus on What Matters Most Now,
Jan Twombly and Jeff Shuman, The Partnering Guide Blog, The Rhythm of Business, Inc., September, 2020.

Shine a Spotlight on Your Alliance Portfolio,
Jan Twombly and Jeff Shuman, The Partnering Guide Blog, The Rhythm of Business, Inc., September, 2020.

Exemplary Alliance, Ordinary Practices: How Partnerships to Create Innovative Medicines *Should* Work,
Jan Twombly and Jeff Shuman, Sponsored by AbbVie and BioArctic, The Rhythm of Business, Inc., September, 2020.

Digitize Your Alliance Management Practice to Provide Visibility, Promote Agility, and Create Value,
Jan Twombly and Jeff Shuman, The Partnering Guide Blog, The Rhythm of Business, Inc., June, 2020.

How Partnership Should Work to Bring Innovative Medicines to Patients,
Jan Twombly, Johanna Fälting, Marco Giorgetti, Anna C. Maroney, and Gunilla Osswald, *Drug Discovery Today,* March 2020.

Demand for Alliance Management has Changed: Are You Ready?
Jan Twombly and Jeff Shuman, The Rhythm of Business, Inc., March, 2020.

Reimaging Alliance Management as an Agile Capability,
Jan Twombly and Jeff Shuman, The Rhythm of Business, Inc., March, 2020.

Collaboration: Conceptually Simple, Operationally Challenging,
Jan Twombly and Jeff Shuman, The Rhythm of Business, Inc., March, 2020.

Collaborative Leadership: The Antidote to the Collaboration Paradox,
Jan Twombly and Jeff Shuman, The Partnering Guide Blog, The Rhythm of Business, Inc., January, 2020.

Five Skills for Collaborating Across Borders,
Jan Twombly and Jeff Shuman, The Partnering Guide Blog, The Rhythm of Business, Inc., December, 2019.

Collaboration: Easier Said Than Done,
Jan Twombly and Jeff Shuman, The Partnering Guide Blog, The Rhythm of Business, Inc., November, 2019.

Partnering Readiness:
The New Strategic Leadership Agenda for Partnering Professionals,
Jan Twombly and Jeff Shuman, The Association of Strategic Alliance Professionals, *Strategic Alliance Quarterly,* Q4, 2019.

Biopharmaceutical Alliance Management: Practices, Structure, Value,
Jan Twombly and Jeff Shuman, The Rhythm of Business, October, 2019.

About the Authors and The Rhythm of Business

Jan Twombly, CSAP and **Jeff Shuman, CSAP, PhD** are the principals of **The Rhythm of Business,** a consultancy and advisory firm with core expertise in partnering, strategic alliances, and collaboration. Since 1999 they have consulted globally and offered education and training to help organizations achieve higher levels of partnering and alliance success. They work with leaders to build and execute a collaborative leadership agenda, break down barriers, and drive consistently excellent alliance practice throughout an organization and its partnerships.

Twombly serves on the Board of Directors of the Association of Strategic Alliance Professionals as Chairman of the Editorial Committee. Shuman is also professor emeritus of management at Bentley University in Waltham, Massachusetts.

Visit *The Partnering Guide™* blog for their latest thought leadership and posts on current topics in partnering, strategic alliance, and collaboration. Access it at www.rhythmofbusiness.com/insights.

The Rhythm of Business®

Empowering Collaboration and Partnering Success

+1 617 965 4777

www.rhythmofbusiness.com

© 2021 The Rhythm of Business, Inc.