# How to Be Excellent at Partnering *(and Why)*

## Many Companies Rely on Partnering Today for Significant Portions of Pipeline and Revenue. Here's How They Can Get Better at It

*By Jan Twombly, CSAP, and Jeff Shuman, PhD, CSAP*
*The Rhythm of Business, Inc.*

Across the biopharma industry, we see that an increasingly diverse ecosystem of organizations are involved in identifying new drug candidates and therapies and working to bring them to patients in need. As that ecosystem has grown more complex—with AI platforms, digital therapeutics companies, patient advocacy groups, and other players taking part—the number and types of collaborations occurring have proliferated as well. And more companies, in turn, now depend on partnerships to succeed.

This makes it all the more imperative for these organizations to ***do partnering well.*** After all, the companies we work with report on average that anywhere from 40 to 60 percent of their revenues and product pipelines are tied to partnered assets. Given those figures, wouldn't it make sense that these companies should be good at partnering?

Sadly, by any measure, many organizations are simply not set up to do partnering well at scale. Why is this important? Because by not being stellar at partnering, they're both exposing themselves to greater risks and missing out on opportunities to create greater value.

But that leads us to the inevitable question: What does "good" mean when applied to partnering? Better yet, how can you be truly ***excellent*** at it? In this article, we'll focus on two essential requirements:

**First,** the actual managing of collaborations—the practice of alliance management—must move from being a standalone, siloed function to becoming an integrated organizational capability tied to strategy.

**Second,** alliance professionals must skillfully make the case for investing in this partnering capability to their senior executives and stakeholders, highlighting the key elements of value and risk and showing the potentially significant returns on that investment.

Let's look at each of these two pillars of partnering in turn.

## EVOLUTION:
### From an Alliance Management Function to a Partnering Capability

Elsewhere we've argued that organizations—and the alliance profession—are now at a tipping point *(See Figure 1 – The Tipping Point)*. Times have changed and market conditions with them, so organizations must respond and adapt—or be left behind.

We've seen that partnering has become a core component of corporate strategy—in many cases it's the preferred strategic choice over "build" or "buy." Someone has something that you don't and that you want or need; you have something they don't which will help them bring that product or service to fruition: that is the essence of partnering.

But while partnering is conceptually simple, it is also operationally challenging. In other words, it sounds easy but it's hard to do! That is why organizations that rely on partnering need to develop a true partnering ***capability.*** This is different from simply having a partnering ***function.*** Many organizations report that they have a partnering function, but often these are siloed, underresourced, only loosely connected to corporate strategy (if at all), and not fully integrated into operations. They may be nearly invisible internally, or seen as niche projects that can be cut at will, or shunted aside in favor of more "pressing matters."

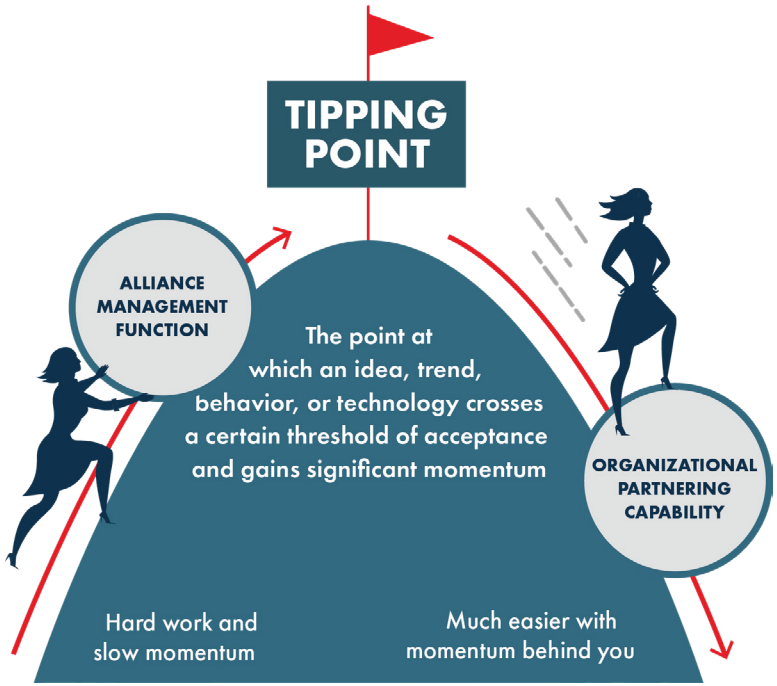


Figure 1 – The Tipping Point

Having a true partnering capability, on the other hand, gives an organization the capacity to effectively form, manage, and leverage strategic alliances for mutual success. It provides the "power to partner everywhere" in the business. Partnering is baked into an organization's strategy and operations and fully integrated into the way work gets done. An organizational partnering capability encompasses the knowledge, skills, processes, and resources required to navigate the complexities of alliance formation, establish productive relationships, and achieve mutually beneficial outcomes.

In its scope and impact, the partnering capability is akin to human resources, marketing, or finance, and like them encompasses people, process, and technology—or as we like to say, ***mindset, skillset, toolset*** *(See Figure 2 – Partnering Capability).*

Figure 2 – Partnering Capability

A lot of things go into the making of a true partnering capability, but they all fall within this mindset/skillset/toolset rubric. To be truly excellent at partnering, an organization must have:

- A specific partnering strategy that is aligned with its overall corporate strategy (and those at business unit, therapeutic area, and geography levels if applicable)
- Partnering activities that are incorporated into workflows and processes, including planning, measurement, and resource allocation
- Executive engagement in, and understanding of, the financial contributions of partnering activities
- Visibility into the partnering process, incorporating appropriate functions at key points to ensure operational alignment
- Sufficient alliance infrastructure and a consistent process for forming, implementing, managing, and terminating alliances and other strategic collaborations, both individually and as a portfolio
- Dedicated, trained alliance management professionals who are responsible for realizing the intended strategic and financial value of each partnership, and of the alliance portfolio as a whole
- A partnering leadership team inclusive of alliance professionals that champions and drives the development and maintenance of the partnering capability

## But How Do We Get There?

At this point you may be saying to yourself, "My organization is just not there yet. We have a long way to go." Not to worry! This is the case at many organizations, even those that routinely partner to create value. It's a journey.

On this journey, the alliance leader's role is as a guide, influencer, subject matter expert, and driver of change. Because make no mistake: this is a change initiative, and will likely take up to 18 months or more to accomplish under the best of circumstances. It may include steps forward and steps back, and should have clear milestones along the way, but it's an ongoing (and never-ending) journey nonetheless.

Like any journey, it starts with the first steps. Begin by asking these questions:

- What is the value to your organization of the collaborations that are being managed?
- What is the scope of your external collaborations that require alliance management (including those that aren't currently managed)?
- What are the staffing and other resources required for the scope of collaborations requiring management, by either professional or "accidental" alliance managers?
- How effectively is alliance management practiced across your company's portfolio(s) of alliances?

Before you move on from here, you'll need to enlist executive support and marshal sufficient resources for the partnering effort. Then it's time to start laying the foundation.

## A Five-Point Program to Evolve from a Function to an Organizational Partnering Capability

We've outlined a five-part program for evaluating, designing, and building the alliance management component of the overall partnering capability your company needs *(See Figure 3 – Building the Alliance Management Capability)*. The five parts do not need to be carried out sequentially. Here are the major elements of this program:

1. **Establish a baseline.** Understand the nature and scope of the full scope of your organization's collaborations, how they're being managed and by whom, and develop a tiering classification framework from high value and complexity down to the simplest collaborations requiring little active management. Look at the staffing and other resources required and how effectively alliance management is being practiced across the alliance lifecycle, including priorities, deliverables, accountabilities, and major activities.

2. **Close obvious gaps.** The difference between actual and optimal partnering performance may be great or small, but either way it's a good idea to score some quick wins by closing the most obvious gaps first before moving on

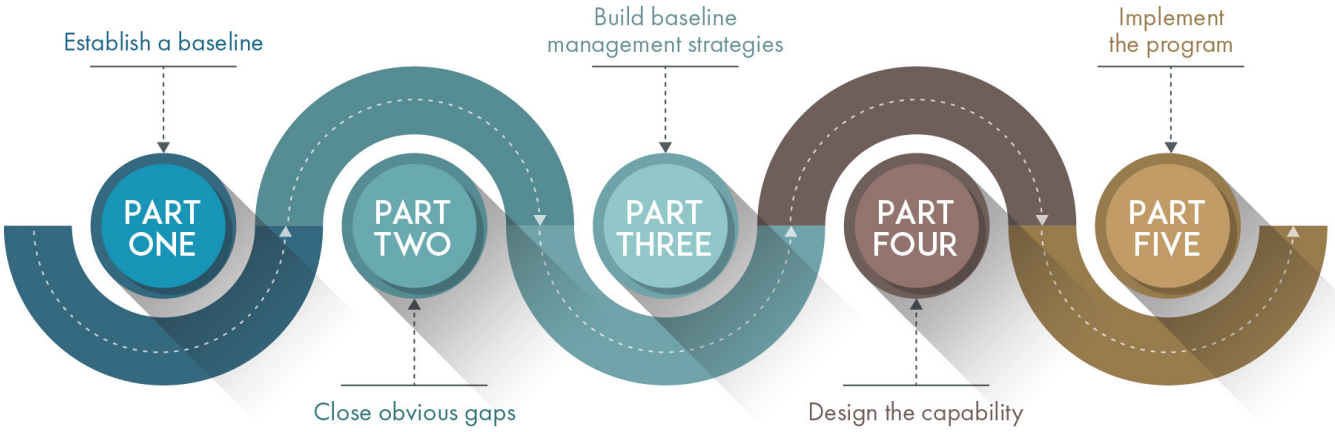


Figure 3 – Building the Alliance Management Capability

to tougher tasks that require executive approval and more resources. This shows key stakeholders that progress is being made and the effort is worth getting behind.

3 **Build baseline alliance management strategies.** Looking at the tiering framework you created in point 1, develop a strategy for each tier that addresses resource requirements, including both the alliance manager and governance member levels of experience and commitment of effort, as well as the specific baseline management activities applied to realize intended value. Having baseline management strategies helps set the expectations of stakeholders for what alliance managers will do and not do, determines the minimum accountabilities to inform performance management for alliance managers, and defines the "swim lanes" between functions that work with alliance management.

4 **Design the capability.** The partnering capability may be centralized, decentralized, or a hybrid of the two, depending on how strategy is implemented within your organization. Whichever design you go with, we highly recommend installing an alliance operations function to manage the information infrastructure and reporting, coordinate professional development of alliance managers, and monitor contractual obligations and milestones. The partnering capability design should also consider the leadership team, staffing, and overall structure needed.

5 **Implement the program.** Time to make the changes! This change effort includes communication, training and professional development, onboarding of new staff, digitizing and managing information and knowledge, and putting in place the appropriate processes, playbooks, workflows, systems, templates, and tools.

## A Word About Alliance Portfolios

Alliances do not exist in isolation, and most organizations are managing multiple collaborations. Large corporations may have hundreds of collaborations of different types and tiers, while smaller biotechs may have only a few alliances. Therefore, designing an organizational partnering capability must take the organization's portfolio(s) of alliances into account.

A portfolio is a collection of similar items that are managed both individually and as a whole. An ***alliance portfolio's*** defining similarity is the strategy the alliances and business collaborations within it are intended to help achieve. As such, a portfolio should be based on its strategic anchor, the specific strategic intent—also known as its North Star—of all types of strategic partners envisioned in the strategy, whether they are one-to-one collaborations or include multiple partners. For example, a portfolio might be based on the strategy of an individual therapeutic area, or it might be leveraging a modality such as gene therapy across multiple therapeutic areas.

In the past, portfolios have often been defined by partnership type, stage of asset development, or perhaps the business unit they were connected with. In many instances, the portfolio was seen as simply all of the partners under active alliance management. But when collaboration is the strategy—or a key component of it—the strategy becomes the anchor for the portfolio, regardless of the nature of the partnership. Value and risk can thus be considered holistically and from the perspective of desired outcomes.

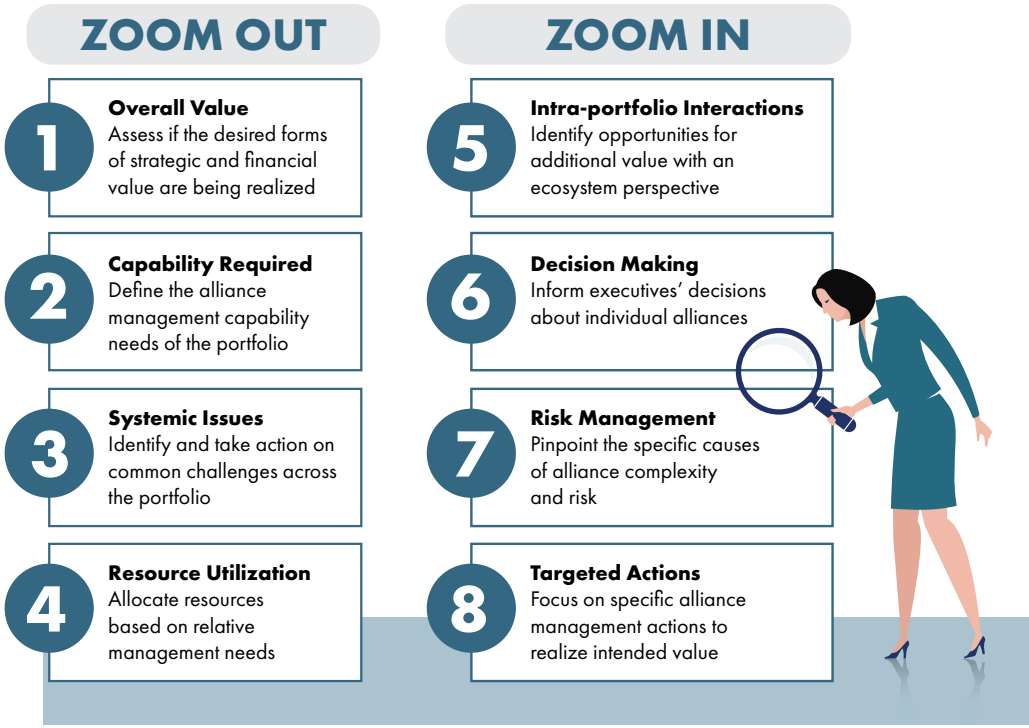


Figure 4 – Zooming Out and Zooming In

The reason we mention this is because realizing value from partnering requires taking a big-picture, holistic perspective by "zooming out" to the portfolio view and then "zooming back in" to the level of individual alliances. When zooming out, your focus is on realizing the overall value the strategy needs to derive from partners. You're able to classify and organize the individual partnerships in the portfolio and develop baseline management strategies for each classification. Scarce alliance management resources can thus be smartly allocated and systemic issues and common challenges identified. Zooming in identifies potential opportunities to create value with individual collaborators *(See Figure 4 – Zooming Out and Zooming In).*

The details of alliance portfolio classification, tiering, and analysis are beyond the scope of this article, but for now it's sufficient to keep in mind that any classification framework should be based on the core objectives of alliance management: to realize, and if possible expand, the intended value of collaborations and manage the risks that could prevent that value from being realized. Taking a portfolio perspective is essential to evolving alliance management into the organizational capability required today.

## THE VALUE OF INVESTING IN A TRUE PARTNERING CAPABILITY

As we argued above, partnering should be an organizational capability akin to human resources, finance, or marketing. For organizations that depend on partnering to succeed and grow, its impact is just as great and its reach just as broad (if not more so). Partnering is central to many companies' strategies—for some, it's not a stretch to say that partnering is the strategy.

So why do so many organizations underinvest in partnering?

### Partnering Myths and Misconceptions and How to Counter Them

There are many reasons, but three main misconceptions contribute to this trend:

1. Like the business press, many organizations and executives focus primarily on partnerships through the lens of innovation and **"doing the deal."** But doing a deal is a finite event. What happens afterward?

2. It's often assumed that **managing partnerships is easy.** Nothing could be further from the truth! Aligning multiple internal and external stakeholders while bridging different strategies, cultures, organization structures, and processes to bring a partnership to success operationally is challenging and time consuming.

3. A related myth is that **alliance management doesn't require investing in.** There's a lack of understanding of alliances as critical strategic drivers as well as the practical realities of managing an important alliance relationship. So executives don't always appreciate the value of investing in building a true partnering capability.

To counter these misconceptions, alliance leaders must be ready to:

1. Show the value of the investment in partners that the company currently has and what's required to achieve a return on that investment.
2. Highlight the strategic, operational, and financial risks that may threaten this investment in terms of lost revenues and profits, impairment of tangible and intangible assets, and/or damage to the organization's brand as a partnering organization.
3. Keep executives engaged in the health of their alliances and the value they bring to the organization by managing these alliances in terms of revenues, profits, and other forms of value retained or risks and financial problems avoided.

Investing in a partnering capability means investing in scalable alliance processes, tools (including digital infrastructure), and the skills and knowledge needed to effectively manage partnerships. (Again, it's ***mindset, skillset, toolset.***)

It also means investing in ***people.*** Specifically, alliance managers, who must be strategically astute, emotionally intelligent, and operationally strong. They are the partners to the dealmakers. They are the subject matter experts on partnering and the ones who know the partner best. They are the execution specialists whose job is to bridge differences and find solutions that will advance the interests of the alliance and help meet both partners' goals.

All these skills combine to create alliance managers' superpower: the ability to influence others to help their alliances succeed and fulfill company strategic objectives.

## Seven Reasons to Invest

We have identified seven key reasons why organizations need to invest in their partnering capability. These are tied to partnering priorities that alliance managers routinely carry out. *Figure 5 – Reasons to Invest* identifies the value of effective, empowered alliance managers.

## Making the Pitch

But how do you make the case for greater investment in the partnering capability? At the end of the day, if your organization relies on partnering for significant pipeline and revenue, your senior leaders need to understand why this investment is critical. So you'll need to show and explain:

| | |
|---|---|
| 1 **MANAGE COST OF TIME** | Prevent alliance inefficiencies from eroding value. |
| 2 **SETTLE MILESTONE EVENTS** | Align on what constitutes achievement of milestones. |
| 3 **OPERATIONALIZE RELATIONSHIPS** | Agree on and implement how the alliance works day-to-day. |
| 4 **DEFINE AND MANAGE RISK** | Identify, assess, and manage the risks from working in an alliance. |
| 5 **PROTECT VALUE OF IP AND DATA** | Maintain limits on approved use while fully utilizing rights. |
| 6 **COLLABORATE ON CRITICAL DECISIONS** | Strive for the greatest possible value for all. |
| 7 **PROVIDE INSIGHT INTO PARTNERS** | Use understanding to find creative ways to bridge differences. |

Figure 5 – Reasons to Invest

- **The value of what's being managed** – the scope of the partnering portfolio, total cash investments therein, and expected future revenues or milestone receipts, along with the importance of partnering to your company's strategy. Alternatively, you can demonstrate how pervasive partners are in each business unit or therapeutic area strategy and map them to the product portfolio and pipeline.
- **The risks to that value if not managed well, and the potential for value enhancement if it is** – key risks to each alliance in the portfolio, the competitive environment, implications of partners' different philosophies/interests that may need to be bridged, etc.
- **The investment needed to manage that value well** – this includes people, information infrastructure, third-party services, professional development and training, and other support services such as IT and corporate communications.
- **The return on investment (ROI) in the partnering capability** – how value is being enhanced and erosion of value prevented, including avoiding costs of arbitration, time lost in the race to market, deliverables not met, etc.

If you've done your homework and assembled the right data, it should be clear that the investment in your organization's partnering capability pales in comparison to the value created and the risks avoided!

## A Journey, Not a One-Shot Deal

In order to successfully pursue this effort, it's critical to ensure that you have the support of those executives who carry alliance finances in their budgets. As an alliance leader, you'll need to convene the right stakeholders and use your superpower of positive influence to help those stakeholders see why it is in their best interest to build an organizational partnering capability.

The reward? Throughout the organization, partnered projects are not met with unnecessary friction and hurdles, and the activities and rhythms of alliances are incorporated into and aligned with a company's own activities and rhythms with ease and agility.

To succeed, the partnering capability must be managed and owned by the executive suite, and all senior executives must include managing external relationships as part of their responsibilities. Partnering must be thoroughly integrated into the thinking and behaviors—***mindset, skillset, toolset***—of the organization from top to bottom.

Alliance leaders cannot make this happen by themselves, but they must lead the charge. As we've said, this is a huge change initiative—and an ongoing journey. It's not for the faint of heart and it's not a one-shot deal. But it can and must be done!

For more information on this topic see:

"Tipping Point: Evolving an Alliance Management Function into an Organizational Partnering Capability"

"Making the Case: The Value of Investing in Alliance Management," co-written with Louis Rinfret, PhD, CEO of allianceboard

"Zooming In and Zooming Out: Strategically Measuring and Managing Alliance Portfolios"

This article was written with the assistance of Michael J. Burke.

©2024 The Rhythm of Business, Inc.

Jan Twombly, CSAP, and Jeff Shuman, PhD, CSAP, are the principals of The Rhythm of Business, Inc., a professional services firm with core expertise in collaboration and alliance management offering consulting, training, workflow digitization, and assessments. Twombly is a member of the ASAP Board of Directors and Chairman of its Content Committee. You can explore their many publications offering insights and practical advice at www.rhythmofbusiness.com/partneringinsights.

The Rhythm of Business®

**Empowering Collaboration and Partnering Success**

**+1 617 965 4777 | www.rhythmofbusiness.com**