"Capitalizing On Partnerships - What Did We Gain and What Did We Learn"

Presenters:
Paul Smith, Business & Contractual Services, University of South Carolina
Patrick Calhoun, Academic Technologies & Grants, University of South Carolina

Why PARTNER?
What do partners gain from collaboration? How does a relationship originate? What did parties originally expect from the partnership? Questions such as these will be taken up in this session, which sketches the course of half-a-dozen partner relationships involving USC colleges, researchers, and campus information support units with entities beyond the University.

Research and development sharing between higher education and industry has a long history. How do "partnership" or "strategic alliances" differ from traditional interactions such as joint ventures, licensing agreements, technology exchanges and shared marketing agreements? When our granting agencies, our state governments and local business are all clamoring for collaboration, don't we need to understand what we are getting into when we form a partnership?

"The biggest myth is that we understand strategic alliances" (1). Taken from a roundtable discussion on strategic partnerships by top business executives, this is a telling remark. The executives also concurred on other aspects of partnering arrangements, such as the fact that each party must stand to lose if the partnership fails. Partnering inherently contains risk.

USC and PARTNERSHIPS
The session will take off from the details of USC's experience with several partnerships in information technology. We will explore the course of the partnerships in structural terms. From these relationships with vendors, peers and government partnerships – some successful and some unsuccessful – will emerge lessons that we have learned.

To gain insight from a carefully considered long-term strategic alliance, we will refer to a CAUSE '98 paper by Ball and Payne regarding the University of Virginia and the IBM Corporation. (2)

The current status of the USC partner alliances will be described, but the session will focus on the history of the relationships and the lessons to be learned from them. The types of arrangements featured will vary to include a) vendor gifts / deep discounts, b) co-developments, c) early deployments for promotional benefit, and d) multi-agency projects. Targeted areas of cooperation will include development of digital assets, technological tools for learning, administrative process innovations, and high-speed Internet connections (intra-university and statewide).

The PARTNERSHIP Projects

Subject to discussion will be these projects:

a. Automated report distribution (USC Business/Contractual Services and IBM Software Group)
b. Administrative software replacement (USC Administrative Services and the GEAC Corporation)
c. Digital compression (USC Film Library and IBM Digital Media Services)
d. Production SGML database (the Model Editions Project and the INSO Corporation)
e. Model Editions Project (History research professor and editions editors nationwide)
f. Communications infrastructure additions (USC Communications and IBM SUR grant program)
g. Desktop video capabilities (College of Engineering and Lucent Technologies)
h. High-speed Internet attachment (USC, Clemson, Medical Univ. of SC, state of SC)

TEMPLATE for DISCUSSION

It is easy for those involved to think of the progress or concrete content of a partnership. To go beyond this and to stimulate discussion of a wider perspective, we employed an interview template which involved the following questions:

1. What prompted the development of a relationship?
2. What was the primary objective of each party?
3. What incentives did/does each party have to participate?
4. What is the current status of the partnership's activity or project?
5. How successful has the partnership been?
6. What outcome has resulted from the partnership? What value can partners take away from it?
7. What lessons can be learned from the partnership?

RULES of THUMB

Distilled to its essence, a partnership is a contract, whether formal or informal and principles drawn from wise business practice ought to apply to partnerships. For the outcomes to satisfy all parties, the arrangement should include three elements: 1) mutual benefit and investment, 2) a specific contract, and 3) qualified agents. For the purposes of a partnership, we would define the three in this way:

1. Mutual benefit and investment

   Each party to a relationship must stand to gain essential objectives and must sacrifice (in staff, capital, support costs) to achieve them.

2. Specific contract

   Concrete objectives and benchmarks must be spelled out in a written, authorized contract

3. Agents

   From inception to conclusion, each organization must provide a partnership manager to develop communication, monitor progress and organize the effort.

If any element of these sound business management principles is ignored, a partnership is at grave risk. Nevertheless, other factors can come into play. In a rapidly changing environment, "the need for speed" (1), it seems that sharing core competencies and proprietary information with a partner can solve the problem at hand. The long process of developing a firm contract, the hard choice of devoting a valuable unit or individual to a project force stand in the way of meeting the goal. "Some companies," said Phil Laskawy of Ernst & Young, "think the panacea is to form a partnership without thinking through all the ramifications." (1)

MAXIMS and QUESTIONS

To see these ramifications, many factors should be considered. These factors can be stated in the form of imperatives, and many questions arise from them.

<u>Know thy partner.</u> Won't the project work better if you have a long-standing familiarity with your partner? If you don't, what can assure you of their commitment? If the partner is vastly different in type, how can the partnership be insulated from cultural differences?

Evaluate the objectives against the mission of the unit. If the unit changes, will the mission remain constant enough to see the project through?

Be certain your objectives are crucial. For this purpose, can you afford to blaze the technological trail? Can you handle the ancillary costs, including opportunity costs for something else? Are you ready for this opportunity that comes out of the blue?

Get a firm fix on the standing of the partnership. Does it come with the full authority of the partner organizations?

Assign and stick with the manager. Is the idea person the appropriate manager for the project? What qualifications does the counterpart number have? – "…above all, the alliance manager shoulders the responsibility of the business of the alliance…" (1) – How will you respond to external pressures for the manager's attention?

Understand the nature of gifts and loans. What does a 'gift' mean? Is it simply a hard-won discount? Does this constitute a partnership? If you are loaned expertise, will you be asked to purchase something in return?

Judge the merits of another party to the relationship. Will it serve as a 'control' factor? Will a commitment to a third party leaven the relationship or complicate it?

1. Buerger, David and Nuelle, Frances. *Strategic Partnering*, Chief Executive, November 1995, number 108, p.52 ff.
2. Ball, Mary Alice and Payne, Shirley. Strategic Alliances: Building Strong Ones and Making Them Last. CAUSE '98, December 9, 1998.