

Systematic Management CASE STUDY

Leveraging Partnerships

Ensuring partnerships are managed to their full potential

Profile

This case study concerns the Partner Services Group of Microsoft UK, a large, well-known software house. Their role is to increase the volume of software licences by inspiring, equipping and supporting a number of key partners in implementing Microsoft software as part of their partner's systems solution to the end-customer. Also, their role is to build relationships between Microsoft and its partner organisations which ensure that groundbreaking achievements continue to be built upon.

Issues

Partnership is a crucial element of Microsoft's competitive strategy, particularly as the company seeks to become a major force in new markets (predominantly enterprise solutions). But the IT sales environment is very fast-moving, and it is difficult to predict the opportunities that will arise far beyond the immediate horizon. As a result of this uncertainty, partnership strategies often fail to recognise all of the opportunities for growing business together and can often be weak at putting into place the mid to long-term mechanisms which will maximise the benefits to both parties.

Objective

The new manager of the Partner Services Group saw that there was a major opportunity here. His past experience of using QFD*, and his extensive work on partnerships, made him well aware that it was possible to massively increase sales and improve customer satisfaction, through a more effective joint planning process. The key was to develop enough commitment and trust in each partnership to enable ambitious strategies to be identified and fulfilled. He saw QFD as a means of doing exactly that, and of developing the outcome into an effective partnership plan.

Approach

The QFD approach was initially applied, separately, to each of five partners. Each application had a number of common elements, but each differed slightly to take account of the specific needs of the relationship, the

QFD is a powerful methodology for determining objectives and for mapping out appropriate strategies to deliver them. For a more complete explanation of QFD, read the accompanying overview: 'Transforming Management Performance' available without charge from www.tesseractacts.com

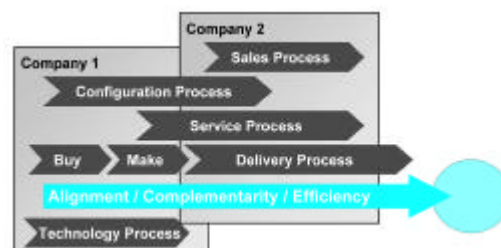


Fig. 1 Partnership as an arrangement of complementary processes

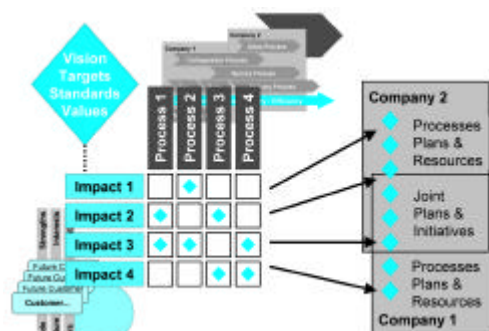


Fig. 2 Using QFD to deploy partnership objectives

characters involved, and the learning from earlier applications.

In each case, there was a joint planning workshop, which was preceded by interviews with the key players in each organisation, and this was followed up with regular progress meetings against clear plans and measures of performance. But in each case the nature of the workshop was adjusted to accommodate the needs of the key players, and the level of maturity of the current relationship.

The following overview of the first (pilot) partnership planning workshop gives some insight into how the process worked in practice. It was arranged at a hotel somewhere between both organisations' offices, and ran over two days.

Initial introductions

After an initial introduction and overview of what the workshop was trying to achieve, the participants were invited to introduce themselves to each other (many had not met before) by means of 'rich pictures'. This simple tool involves people drawing pictures on a flipchart to represent themselves, their interests, their work and their vision for the partnership. It works well because the degree of embarrassment it introduces tends to draw out humour and the beginnings of a bond between people. Also the pictures cause people to open up a bit more than they otherwise would, and tend to be more interesting and memorable than a written or solely verbal introduction.

Developing joint objectives

The results of the interviews with the key people in each of the partners were presented back to the group as a context for what they might be trying to achieve/address. Following this, the members of the two organisations were invited to draw their conclusions from the interviews into a clear set of objectives for what their organisation wanted to achieve through the partnership. These were written out onto sticky-notes (one objective per note) and were placed on a grid like the one below.

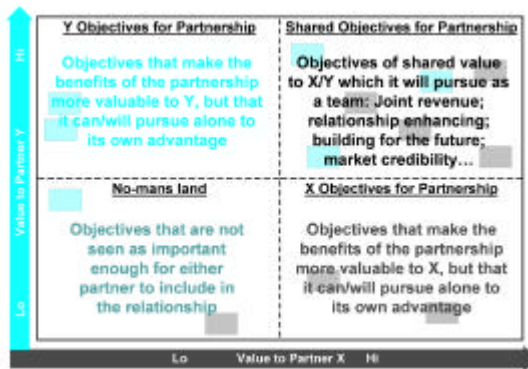


Fig. 3 Grid for exploring and negotiating partnership objectives

Microsoft stuck their objectives along the X axis according to their relative importance to them, and their partner stuck theirs along the Y axis using the same convention. From that point on, either partner could move any sticky-note, but Microsoft could only move notes horizontally (according to the value they placed on the objective that was written on them) and their partner organisation could only move notes vertically. When the movement had settled down (in some cases following a bit of discussion) the objectives in the top right-hand quadrant were seen as the shared objectives for the

partnership and the basis for the objectives on the QFD.

Agreeing target performances

The objectives were grouped (using an affinity diagram*), weighted in terms of their importance (using voting cards and consensus reaching*), further refined through identifying suitable measures (using mixed syndicates), and associated with performance targets (agreed through the clothesline approach*). The collective interactive nature of the approaches used did much to ensure a clear understanding of the different perspectives and a shared commitment to the conclusions. It was clearly noticeable how each group continually gained new insights into the partnership and its history to date. The clothesline method is particularly useful in this regard: seeking arguments and perspectives to persuade partners toward your targets and ways of thinking can help to develop a closer and more transparent relationship; similarly, better understanding of the practical barriers can also develop and this provides the possibility of finding more creative solutions, or for ensuring a greater degree of support within the partnership.

Understanding the processes of the partnership

The process model was originally proposed to the group, but was then further refined by the group using sticky-notes to define and adjust the content and responsibilities of each process. This was then further refined by reviewing the interview feedback for specific issues, and then allocating them to be the responsibility of appropriate processes (once again using sticky-notes). This helped both organisations grasp a more systemic perspective on the operation of their partnership and its potential for delivering the competitive wins they both wanted.

Understanding the potential of the partnership

Prior to developing the QFD using voting cards and consensus, the group reorganised the sticky-notes under

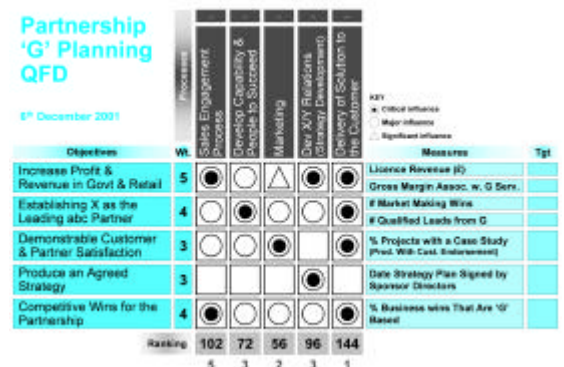


Fig. 4 Example QFD for a sales and marketing based partnership

These simple participative tools are explained in more detail in the Tesseracts website www.tesseracts.com

each process to place them in rows against the objectives that they best supported - thereby forming a sort of sticky-note QFD. This helped all the participants gain a better understanding of what they were trying to do via the QFD, and to organise their thoughts and ideas for the grid discussions. As a result, the QFD discussions progressed smoothly, and once again there was a large amount of understanding and insight into the approaches adopted in each organisation, and also creative ideas for how things might be progressed in the future.

Driving performance

Finally, joint owners were appointed to each process, one from each partner, and each pairing was asked to develop a joint vision for their process in terms of a rich picture. The mechanism for taking processes forward was agreed and monthly follow-up meetings scheduled

The result of the workshop was a set of ambitious targets - in some cases doubling the performance of the partnership to date - with a partnership team that was confident and committed to achieving them. At the end of the year the partnership had out-performed all its important targets by a significant margin and had driven up end-customer satisfaction from 86% to 94%; more than halving the gap to perfection.

Variations in approach

Following the success with the pilot workshop, the approach was adopted with other key partnerships. The main variations in these are listed below.

- In later workshops, a simple SWOT* analysis replaced the feedback of interview conclusions. Four sheets of flipchart paper were placed in the standard 2x2 SWOT grid and the representatives from the two partner organisations each separately developed sticky-notes that reflected their organisation's perception of the partnership's strengths, weaknesses, opportunities and threats. Each organisation used different colour sticky-notes but they were all mixed up on the same grid as a composite view. During the feedback from this session, knowledge of the interviews was used by the facilitator to gently ensure that all the issues and opportunities were flagged up.
- In one workshop, where three mutually interdependent organisations formed the partnership, it was not possible to use the 'values' grid to agree shared objectives because of the limitation of two axes.

The grid of the QFD is the central area of the QFD diagram where the potential contribution of each process to achieving each objective is explored and mapped out. (See Fig. 4)

SWOT is an acronym for strengths, weaknesses, opportunities and threats. It is a simple tool for exploring an entity (whether organisation, product, strategy,...) in regard to any impending situation with respect to: its strengths, its weaknesses, the opportunities that it presents, and the risks that threaten its effectiveness.

Instead a Venn diagram was used (see fig. 5). The partners placed their sticky-note objectives in their own circle where it did not overlap any other circle. From then on other partners could adopt objectives by pulling them across their own boundary into their circle, but were not allowed to push them across anybody else's boundary. This meant that any sticky-notes that arrived in the centre of the diagram must have been adopted by all three partners. (It takes some conceptualising but it is actually very simple in practice if people just follow the rules, and it worked well in reconciling objectives in the workshop).

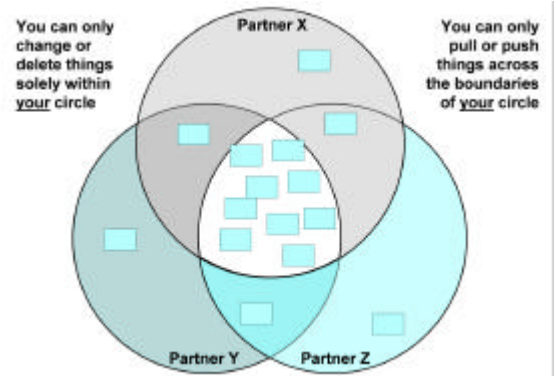


Fig. 5 Method for identifying joint objectives in a 3-way partnership

- In a couple of cases, the partnership was simply not ready for a full-blown QFD. Existing business pressures meant that senior managers had limited time available to develop the partnership plan. In these cases we used a sticky-note QFD* which did much to help the partnership to think through how it was going to deliver its objectives, but kept the required planning time down to a minimum. While the participants did not get full exposure to the creativity and insight that grid discussions can stimulate, they certainly got as much as they were likely to want to use in the next twelve months of the partnership. It soon became clear that the full-blown QFD is an excellent tool where the partners already have a deep commitment to each other that they want to build on, but a sticky-note QFD is more than sufficient to explore opportunities and set them on a good footing where the relationship is a bit more tentative.



Fig. 6 Example of a 'Sticky Note QFD'

A 'Sticky note QFD' is a method of exploring the potential of each process to influence the achievement of each objective by means of posting key arguments (written on sticky notes) on the resulting grid

Performance review

A key part of the success of these partnership QFDs has been the regular methodical review of progress against what has been planned. These are typically scheduled on a monthly or bi-monthly basis and last approximately one to two hours. The clear measures, targets and relationships defined in the QFD are used as an objective means to assess progress by the partnership as a whole. Deviation from the forecast levels of performance are recognised early, and addressed quickly in order to ensure the long-term success of the plan. The examples on the right illustrate two of the simple spreadsheet models that are used to keep track of progress and actions.

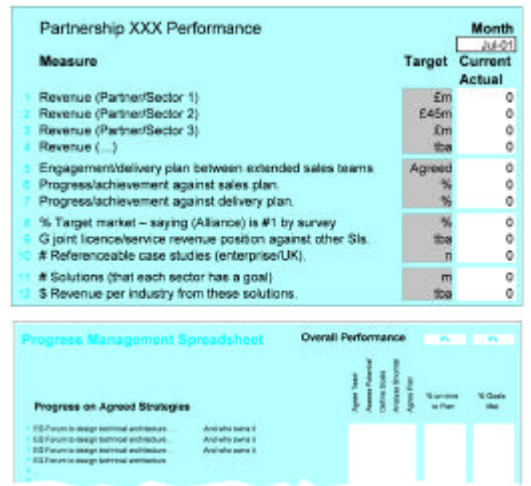


Fig. 7 Spreadsheets for tracking partnership performance

QFD is the best management framework I have ever come across. It gives you a model to manage your organisation from Board level right down to the individual teams, and it achieves the focus and collective commitment of the stakeholders to deliver benefits. QFD enables you to manage complex business environments, simply.

Dilip Popat, Service Manager, Partner Practice, Enterprise Services, Microsoft Limited

To learn more about systematic approaches to management visit www.tesseractacts.com

This case study has been extracted from 'Managing by Design: Transforming Management Performance through QFD' published by Tesseractacts November 2002, ISBN 0 9543021 0 9, with permission of the publishers.

'Managing by Design: Transforming Management Performance through QFD' can be obtained through the Tesseractacts web-site: www.tesseractacts.com, or purchased from Amazon.co.uk.

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