

Managing Strategic Partnerships

Module 3

Managing Transformations in Work, Organizations, and Society

Today's Participants

- **Students on campus and at a distance**
- **Kaiser Permanente Partnership Leaders:**
 - **Leslie Margolin, Kaiser Permanente**
 - **Peter diCicco, Coalition of Kaiser Permanente Unions**
 - **John Stepp, Restructuring Associates**
- **Cambridge University Faculty & Students**
- **KP Case Co-authors:**
 - **Susan Eaton**
 - **Robert McKersie**

Today's Learning Objectives

- Understand the dynamics of strategic partnerships as they evolve
- Learn from specific labor-management cases:
 - KP Partnership, Saturn, British Cases
 - Applying the Lessons to your organizations
 - In designing your next generation plant or facility
 - In managing your strategic partnerships outside the labor-management arena

Why Strategic Partnerships?

- **Cross-Firm Partnerships**
 - Core Competency Business Models need Partners
 - Customer-Supplier Strategic Partnerships
 - Rapidly Changing Technology & Knowledge
 - Required for Global Market Access
- **Cross-Institution (Public-Private Partnerships)**
 - Increased Interdependence--problems require joint action of firms, community groups, government....
- **Labor-Management Partnerships**
 - Employees are key Source of Knowledge
 - Traditional Labor Relations no longer works....

Key Assumptions

- **Multiple stakeholders**
- **Common and competing interests**
 - **Need for mechanisms to identify and pursue common interests**
 - **Need for mechanisms to surface and address conflicting interests**
- **Interests/Contextual Conditions evolve**
 - **Need for periodic recalibration**

Selected Principles of Partnership

- **Trust and Respect**
- **Shared Vision**
- **Negotiated Change**
- **Joint Implementation and Governance**
- **Learning and Adjustment**

Selected Tensions Underlying the Principles

Individual

Institutional

Trust and Respect

Big Picture

Details Matter

Shared Vision

Forcing

Fostering

Negotiated Change

Dialogue

Action

Joint Implementation/Governance

Short Term

Long Term

Learning and Adjustment

A Brief Historical Tour of American Labor Relations:

1930s-1970s;

1980s-90s

Future???

New Deal Model--1930s-70s

- ***Workplace:***
 - Tight, narrow job definitions, grievance procedure for input
- ***Collective Bargaining:***
 - Centerpiece of the system; “take wages out of competition”
- ***Strategic Level:***
 - Left entirely to management--outside the influence of workers and unions

Efforts to Transform, 1980s-90s

- ***Workplace:***
 - Participation, teams, flexible operations
- ***Collective Bargaining:***
 - Work rule flexibility, job security; new pay systems
- ***Strategic Level:***
 - Info sharing, consultation, joint governance, employee ownership
- **Current estimates: 1/3 relationships have significant efforts to change in place**
- **Limited by business-labor political impasse**

The Larger Setting Today

- **Union coverage has declined**
 - 35% in mid 50s to less than 10% in private sector today
- **Still influential in some key industries, but growing slowly in the service sector**
 - Approximately 50,000 public and private sector negotiations each year in the U.S.
- **Wide variations in quality of individual, local relationships**
 - Some landmark “islands of innovation” and some bitter adversarial conflicts
- **National Level**
 - Political Impasse on Labor Policy--Business vs Labor Gridlock

The Kaiser Permanente Experience

- **Leslie Margolin, VP, Workforce Development**
- **Peter diCicco, Chairman, Coalition of Kaiser Permanent Unions**
- **John Stepp, Lead Consultant and Facilitator, Restructuring Associates**

Discussion Questions: Part 1

Your company is benchmarking Kaiser Permanente, Saturn, and other companies as it plans to open a new facility. You are on the planning team.

- What lessons do you draw from these experience to date?**
- What, if any, features of the KP Partnership or of Saturn would you recommend adapting (not copying) in your new operations?**

Discussion Questions Part 2

Pick a Strategic Partnership relevant to your work setting (not a labor-management one)

- What lessons from the the labor-management partnerships apply?
- What are the two or three key changes in management practice needed to successfully manage various types of strategic partnerships over an extended period of time?

Summing Up: Lessons from Labor-Management Partnerships

- **Pivotal Events/Crises matter**
 - Mixed motive relationships generate conflict
 - Need skills & agreed on norms for resolving conflicts
- **Transition Points are risky – e.g., leadership change**
- **Exit Strategies & Rules Needed**
- **Managing Partnerships: Value comes from quality of the network communications, information and horizontal resource flows**
- **Management is a widely distributed task**
- **Avoid “Islands of Innovation” – Support of surrounding institutions/organizations needed**