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 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