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)

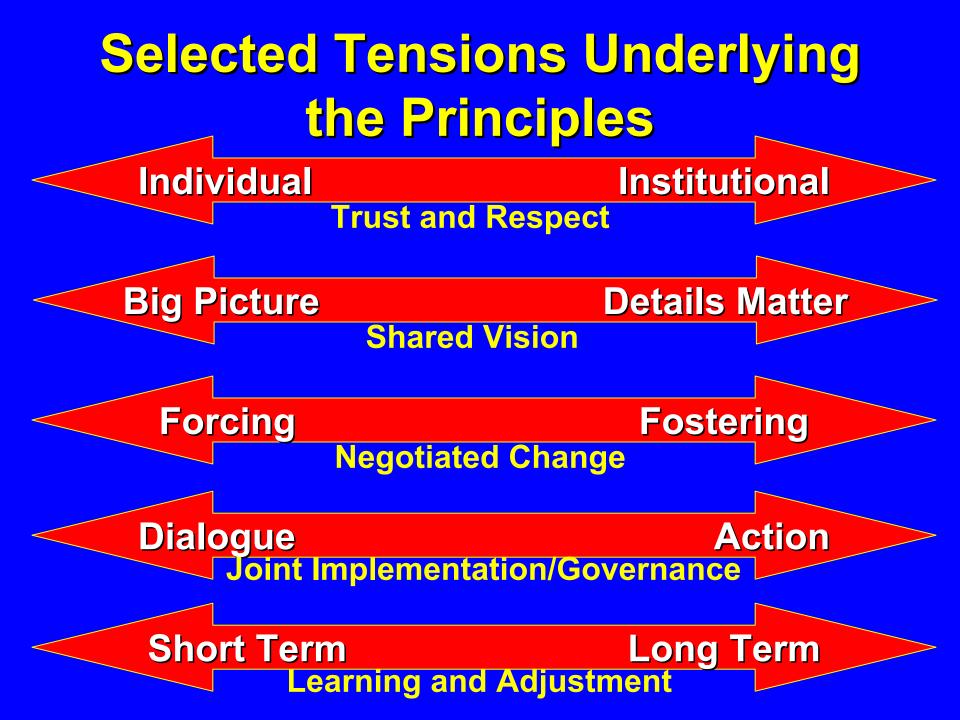
- Increased Interdependence--problems require joint action of firms, community groups, government....
- Labor-Management Partnerships
 - Employees are key Source of Knowledge
 - Traditional Labor Relations no longer works....

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



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