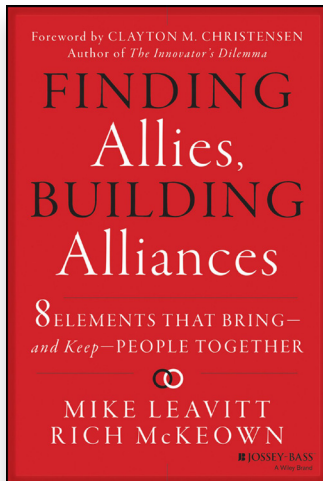


EXECUTIVE BOOK SUMMARIES

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Finding Allies, Building Alliances

THE SUMMARY

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Introduction

To bring order to the complex sociology, politics, and economic self-interest of any growing society, government was established. Centuries ago, it was the best mechanism anyone had to organize society and get things done, but over time, governments have shown that they can be cumbersome, slow, and inefficient. Many other large organizations have similar drawbacks.

Today, competing global economies engage in contests to produce the best value which means the best product or service at the lowest cost. Speed to market is essential, as is innovative problem solving. The old models being huge, bureaucratic, and singular are increasingly disadvantaged, as they are unable to provide the value, speed, and innovation people need.

Collaborative alliances or networks, however, can do so. I've led and participated in dozens of networks, and I've seen how the best of them open new frontiers of productivity. Perhaps even more important, they're able to solve challenging problems that single entities cannot crack. A diverse alliance, well led and well managed, can bring resources to bear on a problem that no organization can match.

During our years running governments, businesses, and political organizations, Rich and I have led or participated in hundreds of collaborative networks. We organized a study of why some succeeded and what caused others to fail. That effort validated our intuition that eight key elements are required for a collaborative network to succeed.

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1. The Collaborative Foundation: What It Is and Why It's Essential Today

Any organization seeking to increase the efficiency of its problem-solving efforts needs to understand the foundational concept of a value alliance. At its root, a *value alliance* is a group of participants with aligned interests pursuing an outcome with value for each of them. However, it is not an ad hoc or informal effort, not the sort of casual cooperation people engage in every day as they pursue their mutual interests in work, social and governmental arenas.

Instead, a value alliance is a formally organized entity following a process that has been deliberately designed to achieve a collective advantage. In such an alliance, the pursuit of *value* is the purpose and *alliance* is the platform. Collaboration is the means.

While value alliances can be formed in pursuit of joint opportunity, they most often coalesce in response to a complex but common problem. Various entities share a certain pain—for instance, businesses in the same industry struggling with a larger common issue such as the changing marketplace or an environmental concern—and they collaborate in order to diminish or eliminate this pain. We've found that problems provide a stronger impetus to collaborate than opportunities and are usually the catalyst for value alliances. That isn't to say, though, that value alliances fail to capitalize on opportunities. Quite the contrary as the solution to a complex problem often produces an opportunity.

Since the 1990s, the world has experienced a confluence of new economic forces. In this environment, people and organizations no longer have the luxury of inefficiency. No one can afford to operate slowly or at a financial disadvantage globally. As the economy evolves, value alliance-building will become a Darwinian determination of who survives. That's because networks are simply more efficient than non-networks. As many businesses have learned, networks trump silos just about every time. Networks offer the advantages of speed, diverse resources, flexibility, and connectivity that singular entities can't match.

2. A Common Pain

Enlightened self-interest is an underlying principle of any value alliance. When people are motivated by their own problems, they often discover that they can find solutions to them by responding to the interests of others. Value alliances, therefore, exist at the intersection of self-interest and common interest. Typically, individuals become collaborators when they discover that they cannot solve a problem on their own.

A natural component of self-interest is self-governance. Most people prefer to avoid situations where they lose the capacity to make their own decisions. They give up control willingly only in exchange for some other benefit. Thus, when they agree to collaborate with others, it's generally not because of an inherent social conscience or altruistic desire to strengthen their overall business or industry. It is because they view it as the best way to fulfill self-interest.

Relieving common pain is in everyone's self-interest. A shared pain motivates people and groups to work together in ways that could otherwise seem counterintuitive. Collaborating with others is hard. It can be expensive. It always involves a surrender of independence. Few people are willing to place themselves in a collaborative position if they have an alternative. We've listed it as the first of eight essential elements because in our experience, collaborations fail when participants lack this pain (or manage to eliminate it without anyone else's help).

Common pain drives people to create collaborative groups for three different reasons:

- *Fear*. The calculation or feeling that the odds are too high that something unacceptable will take place. Fear is the source of most common pain.
- *Greed*. The calculation that people will make more by collaborating with others than going it alone. Greed can be a powerful motivation.

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- *Touch the hand of greatness.* People are motivated by being part of noble and influential undertakings. It makes them feel good and improves their standing and that of their organizations.

Be aware that just because you feel the pain with white-hot intensity doesn't mean that the others will share this perception. Lacking sufficient common pain will doom an alliance.

3. A Convener of Stature

At its core, a value alliance requires a convening power: someone with the stature to bring together a group of independent parties and help them work in an aligned way to create something of value. While common pain may provide the motivation for various groups to participate in collaboration, they still need a convener of stature to capitalize on the motivation, providing credibility and cohesion.

At some point, you've probably received an invitation to participate in a collaborative enterprise. If you didn't accept that invitation, it was probably because you didn't feel the problem the group was addressing warranted the investment of your time and resources. It may also have been that you were unfamiliar with the convener, or didn't regard the convener as possessing sufficient influence, authority, or power to make something happen. For example, it's hard to imagine anyone turning down an invitation from Bill Gates to collaborate on an enterprise, so the inability to turn down an offer is one sign that you're dealing with a convener of stature.

A convener of stature is a respected and influential presence who can bring people to the table and when necessary keep them there. Conveners may have very different personalities and leadership styles, and may be either individuals or organizations. The most effective share seven traits:

- Trusted reputation
- Relevant influence
- Adequate independence
- Diplomatic skill
- An instinct for stage setting
- Astute perception
- Ability to apply pressure

Convening a group of people to create value collectively is an act of leadership. The responsibilities of conveners include defining the problem and the consequences of inaction contrasted with what the value alliance aspires to accomplish. They must organize a structure that furnishes the alliance with people, perspectives, and an orderly method of operation. This means creating a system of accountability, molding a culture of productivity, recognizing good performance and responding to poor behavior.

4. Representatives of Substance

The top priority for conveners is identifying the right people and securing their participation in a value alliance. Value alliances need to be cast like plays. Finding the right ensemble of people—individuals with talents that blend well, as well as the financial backers for the play—is essential.

We refer to participants in a value alliance as representatives of substance. In most cases, people are invited to represent a point of view or stakeholder interest in the discussion. Substance refers to the requirement that participants be

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sufficiently well respected that their involvement inspires confidence. As a group, they need to possess the collective influence in the marketplace of ideas to bring about a solution to a shared problem. They are prominent people, with access to resources (financial, human, and technological). What they say and do has the power to move others. We look for participants who possess at least one and ideally all three varieties of substance: authoritative, cognitive, and reputational.

The ultimate litmus test for representatives of substance is observing them in action. Sometimes substance can be an illusion. You assume a given individual possesses expertise then discover that you're wrong. You figure that an organization has many resources that it can lend to a collaborative effort and discover that those resources are already stretched tight. You believe a CEO or other person with position power enjoys great respect and authority, only to find that a highly abrasive personality diminishes that influence.

Observation can play a critical role in reconfiguring the group you recruit for a collaboration. You want a group of collaborative participants who bring the right mix of experience and expertise for legitimacy, along with the authority to make decisions. For this reason, holding a preliminary meeting of representatives can provide insights that will help you determine if you need to add or subtract members to achieve the right collective substance. During the initial meeting, facilitate a discussion of the problem you want to address and watch for naysayers, blank or bored faces, and missing pieces of the collaborative puzzle. After the first meeting, take them out for a meal to create an atmosphere of trust, comfort, and openness as quickly as possible.

5. Committed Leadership

Indecisiveness often accompanies collaborative problem solving, and value alliances need clearly designated and committed leaders who will push, pull, or cajole progress through the muddle. Keeping these alliances on track always involves conveners of stature and committed leaders, two roles that may be filled by the same person but are often held by two or more.

Be aware that leadership does not emerge naturally within a collaborative framework. Just because you have representatives of substance in your collaboration, that doesn't mean that any of them will take on committed leadership roles. In fact, one of two other scenarios generally occurs. In the first, one steps up and takes charge while participants limit their involvement to attending meetings and carrying out definable tasks. In the second, most if not all representatives compete for control of the alliance. More than once I have seen senior executives jockey for control of the white board because the marker becomes a symbol of being in command.

The typical scenario comes closer to the first one, where people want to be in charge during meetings but their commitment isn't necessarily strong enough to keep them involved and energized between sessions. This loose commitment diminishes further when the collaboration encounters roadblocks or when their regular jobs demand their attention.

Being a committed leader of a value alliance is different from being a leader of a less collaborative entity. Leaders are those who manage and move the collaboration forward. They should be individuals who possess the skill, creativity, dedication, and tenacity to move an alliance forward even when it hits the inevitable rough patches.

While conveners may also take on a leadership role, they often lack the time, capacity, or expertise necessary to be active and committed leaders. In some instances, leaders are selected by the group or naturally come to the forefront, but conveners who have the prerogative can select leaders with the unique talents required for building the proposed alliance.

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6. A Clearly Defined Purpose

Creating a statement of purpose, communicating it, and obtaining buy-in from participants can be challenging, but they're absolutely essential tasks for value alliance aspirants. Without a clear, well-defined purpose, collaborations fail or drift into unproductive and endless discussions. More specifically, the collaborations experience *purpose creep*. This is an inexorable broadening of scope that eventually makes it impossible to relieve the common pain that drew the group together in the first place, or that creates lethally low morale as the collaboration struggles with overly ambitious and varied goals.

Without a clearly articulated and written purpose, each representative of substance may define that purpose differently. These varying definitions stem more from human nature than any deliberate malice or selfishness. Everyone involved wants a collaboration to meet the needs of their primary affiliation—their corporate, government, or nonprofit employer. Unless the real purpose is articulated, memorialized, and ratified by the participants, they will all shape it with bias toward their own parochial interests.

The purpose statements of successful value alliances are clear, specific, goal-focused, and relatively short. They are driving ideas that keep people on task so they are not sidetracked by complexity, ambiguity, and other alternatives or distractions. While some purpose statements may carry a whiff of legalese because they are part of a legal document, they generally provide an easy-to-understand and accurate summary of what the collaboration is trying to achieve. The best purposes are *big enough to matter and small enough to do*.

While it's sometimes relatively easy to establish and secure agreement on a purpose—especially when a group is temporary and designed to disband upon solving a specific problem—it's safer to expect to devote time to the effort. The process of forging a purpose can begin before the collaboration even exists, then continue when it first convenes and in subsequent meetings. Ideally, a clear, focused purpose is agreed upon and put in writing in the group's charter.

7. A Formal Charter

Framing a purpose is only one part of the groundwork for an effective value alliance. If participants lack common expectations about how the alliance will go about its business, they are unlikely to accomplish anything. Hence the need for a written charter with a set of established rules that create stability and help resolve differences and avoid stalemates.

A formal charter confers official status on the group and also creates the structure necessary for productivity. A charter can vary in complexity, depending on the situation. A value alliance convened by the leader of an enterprise to organize a collaborative effort among divisions may not need the same level of detail as one initiating an effort to establish common standards among competitors. In both cases, however, a charter serves similar functions, formalizing commitment, agreement about the mission, and key operating parameters.

More important though, the charter codifies agreement by defining the problem and the scope, the purpose of the collaboration, and the way decisions will be made as the collaboration moves forward. Don't assume that all participants agree on these issues or that any differences will work themselves out naturally as the collaborative effort progresses. In fact, people may be shocked at the range of views participants have on the most basic questions involving the collaboration's scope.

Creating a formal charter gives participants an opportunity to vent their self-interest and move forward with the greater work of the collaboration. Psychologically, the charter discussion helps people articulate what concerns them most. While self-interest never disappears completely and may even find its way into the language of the charter, it is beneficial to confront and address it up front. Perhaps as much as anything else, creating and signing a formal charter provides a

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moral buy-in. In politics and business, the good and noble intentions of possibility can move to the back burner when participants become distracted by their own concerns. The formal charter enrolls people in the collaboration's mission. It's like signing a pledge, reinforcing the concept that their word is their bond.

8. The Northbound Train

Of the eight elements of a value alliance, the northbound train is the least tangible but most critical. That's because collaborations are voluntary enterprises operating with presumed authority. People can leave the collaboration at any time or remain as participants yet cut back on the time, effort, or resources they're willing to devote to it. People want to invest their time, money, and reputation on things that will make a difference. The phrase "northbound train" is shorthand for "Decisions that matter to me are going to be made and I need to be there. The train is headed north and I want a seat on it."

Every value alliance has a brand in the community of interest it serves. That brand is shaped by the degree to which people believe the alliance is a northbound train, likely to reach an important destination. The quality of the brand is greatly affected by the degree of common pain, the strength of the convener and leader, and their skill in creating and communicating momentum. At the same time, conveners and committed leaders need to recognize when that brand is being diminished in any way. Typically, in a value alliance, this happens when the northbound train begins to lose momentum. In these instances, it is essential to recognize that it is decelerating and know what to do about it. What can kill the momentum of a northbound train? In short: failure to meet expectations.

You can monitor your progress toward creating a northbound train through tangible and intangible means. From a tangible standpoint, assess and determine that you're receiving the resources necessary for the alliance to solve the problem it faces ranging from money to equipment to facilities. Beyond resources, the train is moving full steam ahead when people are volunteering to join up or offering other types of assistance. Influential individuals call you and ask what they can do to help; participants show up at collaborative meetings and are fully engaged in contributing ideas and suggesting direction. Less tangibly, there's a clear sense of purpose and optimism and pride surrounding the alliance.

9. Defining Common Ground

Defining common ground, the eighth and final element of a value alliance, is often a predictor of success. To function effectively, the parties need to develop trust in each other and the processes that govern them. Achieving trust requires an unusual degree of transparency as the parties determine the underlying *assumptions*, *sources* of information, and *standards* upon which they will rely.

Effective collaboration requires that these be part of a common information base, a shared pool of information that permits everyone the chance to operate with the same data, keeping them in the loop and avoiding divisive secrets and opaqueness. This points to the difference between *advocacy*, where parties may keep vital information close to the vest to advance a cause, and *consensus*, where the parties openly share information in pursuit of a common solution.

All three of these terms—assumptions, sources, and standards—address complex issues that can make all the difference to the success of a value alliance. *Assumptions* include the beliefs and ideas participants take for granted in their collaborative efforts including their assumptions about what constitutes success or failure. *Sources* are the authoritative sources of information and expertise agreed upon by the participants. *Standards* specify the right way to do a particular thing.

In some instances, establishing commonalities is relatively easy. But a level of disagreement is more likely in collaborations where participants are antagonistic competitors or where global and cultural diversity make it challenging to establish common standards.

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To create common standards and information processes from the beginning, we've had good luck with these tactics: formally creating transparency, using a third party to interpret and communicate information, anticipating disagreements, imposing certain standards in certain situations, and adopting information principles before any of the actual work is done.

Defining common standards boils down to the capacity of collaborators to reach foundational agreements. Collaborations must bring common standards into the open early, discuss them thoroughly, and determine if agreement is possible. If not, then the collaboration is probably doomed no matter what other elements are in place.

10. Collaborative Intelligence

Not everyone has a natural aptitude or appetite for collaborative problem solving. Though effective collaboration requires a skill that can be learned and improved, some people are naturally better at collaboration than others.

Alliance success is threatened when people lacking what we refer to as *collaborative intelligence* (CI) participate. CI, the ability to work productively together for a common goal, is a critical ingredient for successful value alliances. While we've addressed the need for this ability in our discussion of the eight elements, it is still useful to develop a deeper understanding of what CI is and how it helps build high-functioning alliances.

CI is more than being friendly or having a cooperative attitude. We've observed the following five critical traits in gifted collaborators.

- *Empathetic.* Like Covey, they "Seek first to understand, then to be understood." They make an effort to understand the views and needs of others. They listen honestly, thoughtfully, and objectively. They don't lock into positions prematurely.
- *Optimistic.* An optimistic abundance mentality means seeing beyond immediate needs and desires to the long-term ideal. These people view the world in terms of plenty rather than scarcity. For them, the effort of a group can result in win-win situations—they can benefit and so can competitors.
- *Principle-Focused.* They focus on the issues to be resolved (rather than on people, which can lead to personality conflicts).
- *Transparent.* They know trust is at the heart of alliance building. Without trust, collaboration becomes negotiation, not a problem-solving exercise. Transparency means being willing to share not only information but your own genuine feelings and perspectives.
- *Outcome-Oriented.* High-CI people pursue overall team outcomes instead of individual win-lose statistics. This attitude facilitates collaboration because it helps the group pull together toward a common objective—people do their jobs to the best of their ability rather than getting sidetracked by seeking impressive personal scorecards.

11. Alliance Enterprises: What and How to Create Ongoing Collaborations

Value alliances are created to solve problems, so logic suggests that when a problem is solved, the need for the value alliance is gone. Some value alliances, however, put down roots. In these situations, conveners recognize from the start that the problems addressed by the alliance were ongoing and would require a continuous solution. We call these long-term arrangements *alliance enterprises*. While they've existed in various forms for years, they are becoming increasing

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common and increasingly effective in a range of industries and endeavors. In many ways, they represent a parallel competitive universe. People or organizations band together to ease the common pain, and then recognize that the new network is better than any of them at solving a range of present and emerging problems.

Lloyd's of London is one of the earliest examples. It acts as an insurance company now, but it wasn't created as an ongoing organization. At its inception, ship captains met at Lloyd's Coffee House in London to exchange promises to share losses at sea prior to a voyage. They brought together allies and formed an alliance. When the voyage ended, the alliance no longer existed. However, ship owners concluded that their captains had identified an ongoing need, and that having a permanent organization would provide stability and value. Based on that conclusion, they formed Lloyd's of London as a business entity with a formal structure and rules of operation. The same collaborative functions took place when Lloyd's was a temporary entity, but its processes were facilitated by the alliance enterprise framework.

Joining or forming a limited-time alliance will be something most leaders and organizations will do with increasing frequency as these alliances will provide great value and even greater experience at working collaboratively. The real challenge, though, is becoming part of an alliance that lasts. Whether you turn your limited-time alliance into an enterprise or join an alliance designed to last for many years, this group may help you solve numerous problems and by extension capitalize on numerous opportunities. It will be the type of alliance that offers enormous problem-solving capacity to its members year after year after year.

12. Collaborative Competitive Edge

Once sensitized to the existence of value alliances, you will begin to see them everywhere. In fact, most businesses and organizations are typically engaged in discussions about several potential collaborations at any given moment.

A virtuous cycle is at work here. The more collaborative networks improve productivity, the more important collaborative skills become to achieving success in the marketplace. The need for collaborative intelligence (CI) will be even greater in upcoming years than it is today.

The future prosperity of most enterprises will be affected by their ability to select allies and decide which alliances to join or form. Failure in alliance building can be expensive in economic terms and disastrous strategically. Knowing which alliances have the best prospects of success should be viewed as an investment decision. This is true for alliances formed to solve specific problems or those that involve long-term business relationships.

The eight key elements of a successful value alliance can also serve as criteria to help you assess an invitation to participate in forming or joining a value alliance.

- *Common Pain.* Until you can understand the value of participation to all involved, remain skeptical.
- *Convener of Stature.* The behavior of the participants will in large measure be driven by the environment of trust and reliability created by the convener.
- *Representatives of Substance.* If your evaluation suggests important parties are sending junior people, the alliance is likely to fail or have little impact.
- *Committed Leader.* If you do not see skilled and clear leadership, either assume that task yourself or stay away.
- *Clearly Defined Purpose.* If members are really there for different purposes that make the group's purpose too broad or unachievable, your participation is unlikely to be worthwhile.

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- *A Formal Charter.* A critical element in the charter is the method of decision making. Consensus decision making encourages open discussion, active listening, and a search for right answers.
- *The Northbound Train.* If you doubt the mission as it has been described can be achieved, don't waste your time pursuing it.
- *Common Assumptions.* In evaluating your participation, think through what the most difficult disagreement might be and assess if the group is likely to break down in trying to reach consensus on it. If that is true, success is unlikely.

Conclusion

In value alliances, trust facilitates collaboration and innovation. When trust is present, collaborations run smoothly because people are open and in problem-solving mode. When trust is absent, the gears of collaboration are slow and grinding. Time is spent in unproductive suspicion, drama, and repeated validation. Freedom is the trust a society grants itself. It fosters collaboration and innovation. Heavy regulation represents the distrust society imposes on itself, and it stifles collaboration and innovation. Free societies possess this competitive advantage in the global marketplace. The value alliance concept will help them keep and strengthen it.