Relationship Management

An introduction on how to successfully work with external partners – brought to you by Bayer

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# Executive summary

**Partnerships and strategic alliances** between firms is a key component of many current business strategies. Yet research shows that most **joint business collaborations fail** to deliver their expected value. The reason for this can be traced – in a majority of cases – to **damaged relations between the partners** rather than to bad legal and financial terms and conditions or poor business planning. This is not surprising since it has been shown that there is a straight line between relationship issues, difficulties in working together, and, ultimately, **failing to execute** against commitments.

Therefore, this document provides a primer on the important role that a skilled **Relationship Manager** (RM) can deploy to provide proactive leadership that is intended to help **mitigate collaboration issues** between partners and meaningfully **increase the probability of success** for any joint business collaboration.

# Most joint business ventures have several points of interface between firms, any of which can introduce conflict into the relationship if not clearly defined and managed

| Role | Description |
|---|---|
| Executive Sponsor | An executive who is responsible to ensure alignment regarding the partnership within own organization and delivers key communications to the partner and the public |
| Business Lead | A senior manager who is accountable for delivering on the business venture within own organization and is responsible for the joint governance of the collaboration with the partner |
| **Relationship Manager** | **A skilled business administrator who leads or plays a key role in forming, improving, and maintaining strong relationships with partner firms and clients** |
| Project Manager | A person who has overall responsibility for the initiation, planning, executing, monitoring, controlling, and closing the operational activities of the business arrangement with the partner |
| Governance Committee Members | Senior leaders with decision-making authority responsible to ensure operating teams have adequate resources and are adhering to timelines, serve as an escalation point for issues, and provide leadership within their own organizations |
| Operating Team Members | Subject matter experts (SMEs) responsible to execute against operational objectives, provide input into business decisions, and drive information exchange with the partner |
| Other Stakeholders | Functional and SMEs (e.g., BD&L, Legal, Finance) that enter and exit as needed to provide expertise and perform tasks during various phases of the partnership |

# At the center of those touch points is the RM, who organizes and moderates many conversations internally and with the partner

**Joint Business Collaboration**

**Partner A**

**Partner B**

Executive Sponsor

Business Lead

Operating Team Members

**RM**

Joint Steering Committee

Joint Operational Committee(s)

Joint Operational Teams

1:1 calls between counterparts

**RM**

Executive Sponsor

Business Lead

Operating Team Members

The RM is not there to serve as a gatekeeper but rather to safeguard the collaboration against "untended consequences"

# The roles and responsibilities of "Relationship Managers" are different from those of "Project Managers"

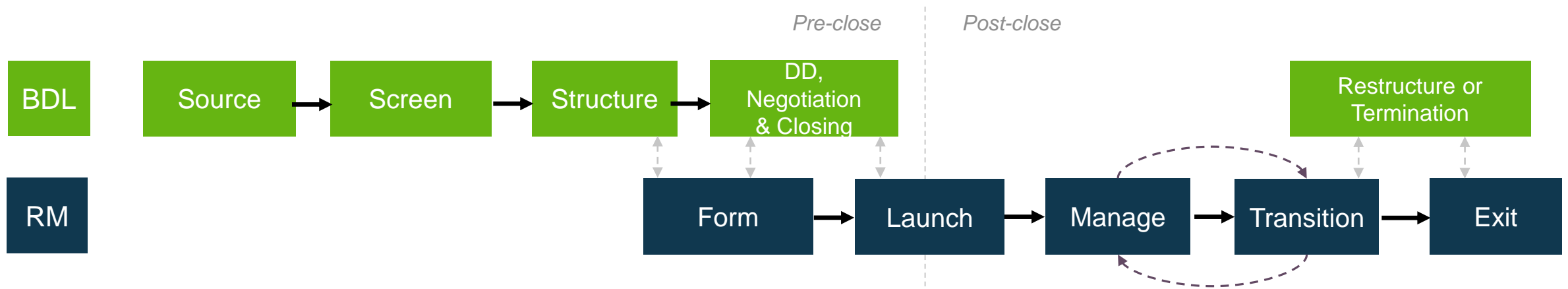| Relationship Manager | Project Manager |
|---|---|
| • Plan and drive the **launch** of new alliances<br>• Ensure that the overall **alliance governance structure** is in place and functioning well<br>• **Facilitate** the **Joint Steering Committee** (or equivalent) and other committees as necessary:<br>  – Drive agenda creation and internal preparation<br>  – Facilitate the meetings<br>  – Take and distribute minutes<br>  – Ensure action item ownership and follow-up<br>• **Nurture the working relationship** between own company and the partner<br>• Ensure internal and external **communication** is optimally functioning<br>• Drive **internal alignment** between and among inside groups and stakeholders to ensure one clear voice to the partner<br>• Monitor and ensure **contractual obligations** are met and risks are managed<br>• Identify and **facilitate resolution of major issues**<br>• Lead and organize **alliance training** | • **Lead** development / commercial **project planning** (working jointly with the partner)<br>• Formulate the **approach/strategy**, critical path and **timeline** for projects, and align with partner<br>• Develop and manage the **development budget**<br>• **Identify resources** across functions<br>• **Manage the work effort** toward the development /brand plan<br>  – Review progress, ensure commitments are met<br>  – Manage project budget<br>  – Work to accelerate execution<br>• **Communicate regularly** with the partner<br>• Facilitate the **Joint Sub-Committees** (or equivalent) and joint **Operating Teams** as necessary<br>  – Drive agenda creation and internal preparation<br>  – Facilitate the meetings<br>  – Take and distribute minutes<br>  – Ensure action item ownership and follow-up<br>• Facilitate **internal team meetings**<br>• Identify and drive **resolution of development / brand issues** |

# "Relationship Managers" serve as custodians of the partnership and are involved across the entire life cycle of the business relationship

*Pre-close* | *Post-close*

**BDL**

| Source | → | Screen | → | Structure | → | DD, Negotiation & Closing | | | Restructure or Termination |

**RM**

| | | | | | | Form | → | Launch | → | Manage | → | Transition | → | Exit |

| | |
|---|---|
| **Form** | Ensure that implementation challenges are considered at critical decision points during negotiation and deal structure |
| **Launch** | Operationalize partnership in a way that ensures it will start and remain robust |
| **Manage** | Ensure the collaboration delivers expected value and where possible identify additional opportunities |
| **Transition*** | Ensure the partnership is efficiently managed when change occurs and is optimally structured for success going forward |
| **Exit** | Ensure that a clean separation occurs in a way that affords both parties to capture maximum value and preserve brand reputation |

*See linked case study for an example of how an alliance "transition" to "exit" can work in practice.

# RMs safeguard business relationships through direct oversight of key activities and by offering a continuum of services

| Conflict Management | Issue Resolution | Performance Enhancement | Operational Excellence | Strategic Focus |
|---|---|---|---|---|
| • Engage partner proactively and promote creative solutions to conflict<br>• Surface and alleviate partisan perceptions<br>• Manage emotions and contentious situations<br>• Identify and facilitate dispute resolution process<br>• Repair and renew damaged relationships | Identify and facilitate joint problem-solving and resolution of major issues, such as:<br>• Difficult personalities<br>• Cultural, policy, and business differences<br>• Communication gaps<br>• Inter / intra company alignment | • Contract drafting, negotiation, and management<br>• Responsiveness to our partners<br>• Tracking KPIs and key metrics to ensure alignment with business needs<br>• Monitoring (and strengthening) partnership health<br>• Leading through times of uncertainty | Ensure that the overall alliance governance structure and processes are in place and functioning well:<br>• Facilitate the JSC and other committee meetings<br>• Facilitate internal alignment between and among internal stakeholders<br>• Ensure joint planning<br>• Coordinate and lead alliance training | • Help set direction with new partners<br>• Identify opportunities to create value with existing partners<br>• Advise alliance leaders on partnering strategy, key events, and communications<br>• Partner recognition and development<br>• M&A integration |

**Solve Problems**      **Mitigate Risk**      **Maximize Value**
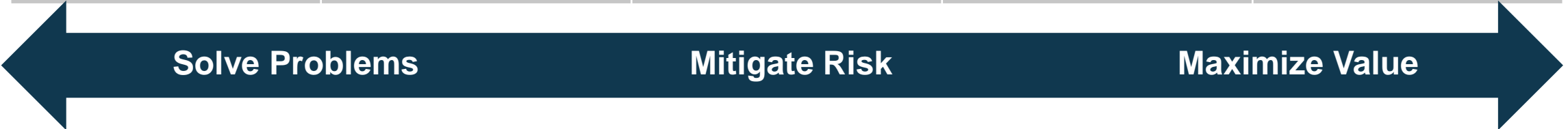
# RMs strive to anticipate and lessen threats that would keep a business partnership from failing due to non-technical reasons

| Performance Improvement | Risk Mitigation |
|---|---|
| • **Responsiveness** – timeliness and quality of response to day-to-day operational issues and commitments | • **Project Risk** – Operational execution of the contractual terms in a way that fosters progress |
| • **Objective measures** – strategic, financial and operational goals and objectives that align with business needs | • **Business Risk**–Business obligations and expected value of the contractual terms of the agreement |
| • **Partnership health** –communication, process improvement, innovation, cost and business process effectiveness | • **Legal Uncertainty**– Risk associated with the need to comply with the requirements and regulations from a governmental, industry or company practice |

**Key variables are monitored and managed to safeguard the collaboration in a way that allows it to achieve its intended purpose**

# RMs model and instill into business partnerships a set of core principles and behaviors that enable partnership success

## Establish

**Resources**
Resource the partnership for success (right people, right capacity, right investment)

**Governance**
Ensure effective leadership, governance and decision making

**Communication**
Ensure that communication is timely and consistent to both the partner and public

**Difference**
Recognize and manage cultural and operational differences between partners

**Execution**
Jointly establish, set metrics and track alliance objectives and commitments to completion

## Practice

**Accessibility**
Ensure accessibility of key leadership and decision makers, and responsiveness to partnership needs

**Alignment**
Establish and maintain alignment internally and with the partner, speaking with 'one voice'

**Problem Solving**
Find creative and jointly agreed solutions to issues adversely affecting the partner or alliance success

**Value**
Understand and safeguard the value drivers of both partners

**Trust**
Build strong and trusting relationships at all levels of the alliance

# The more complex the partnership, the greater the challenge and risk of alliance failure – and the greater the need for RM involvement
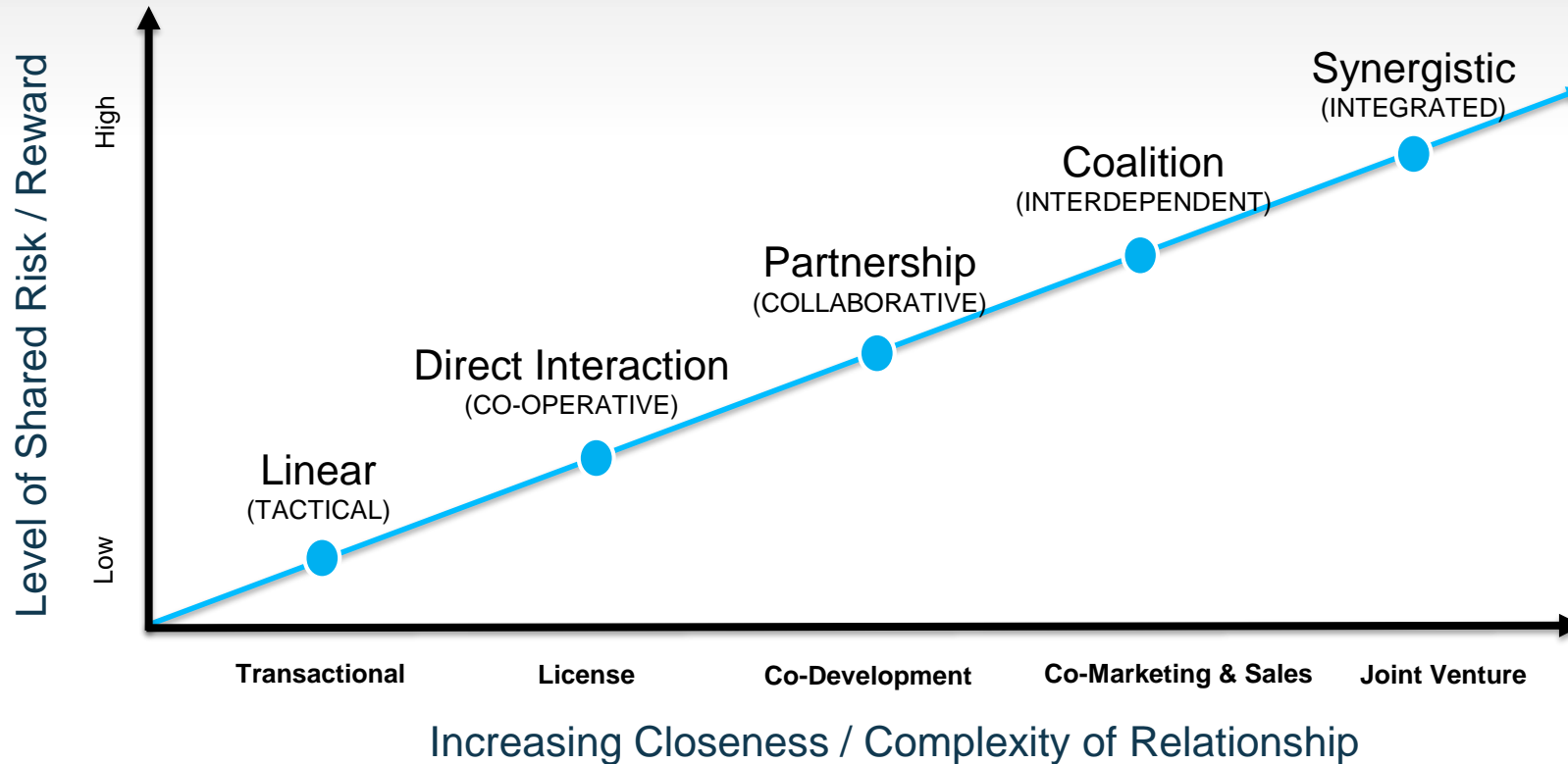
For a better understanding of how these concepts can be used in practice, please see the accompanying case study on dispute prevention. This case study demonstrates through a real-world example of how to understand when changes are taking place on an alliance and how to adjust the alliance accordingly.