

Partnership Charters and Agreements Discussion Paper

This paper covers three inter-connected subjects, these are:

- Partnership Charter
- Partnership Working Agreement
- Performance Management.

Introduction

A critical factor for success in any form of partnering relationship is having alignment between the parties. This doesn't mean that they must think alike on everything – simply that they explicitly align and agree on some fundamental factors driving the relationship. These are:

- *Why?* The purpose of the partnership, what the exchange of value will be; how it benefits each party, the shared objectives and work priorities.
- *How?* How the parties will engage to ensure they gain the expected value, roles and relationships, the support processes (e.g. for escalating problems) and the ongoing governance/ review model.
- *How will we monitor performance?* Both operational performance (e.g. KPIs) and the Partnering Relationship itself.

To enable ongoing or future review of the relationship, these should ideally be documented. This document is usually called a Charter or Agreement.

Partnership Charter

A Partnering Charter provides a point of reference for parties in the relationship. It identifies the direction and aspirations of the relationship and how they have agreed to work to achieve their aspirations.

The Charter states the vision or purpose of the relationship, the mutual goals or objectives, and can outline the behaviours that will support parties acting co-operatively to achieve the goals.

The power of the Charter stems from the fact that the parties agree and sign it. It is a visible statement of their commitment to the goals and success of the partnership.

To keep it visible, people often laminate or frame it and have it 'on the wall' where people see it.

A Charter typically has the following characteristics:

- It is not a legal document
- It is a commitment, signed by both/ all parties

- It reflects, but doesn't replace, the spirit and intention of contractual agreements
- It is generally a short, one-page, summary of the parties agreement to work together
- Can form part of a larger Agreement that describes 'how' the partnership will work – including it's Governance, Expectations of parties and Key Performance Indicators that will monitor the meeting of those expectations.
- Is designed in such as way that it provides a basis for ongoing performance management of the relationship.

The success of a Charter is not in its content, but in the process through which it is created and the agreement reached by parties.

The process through which it is created includes informal discussion as well as either a formal workshop or meeting to establish final alignment and commitment.

Depending on the extent to which the Charter will form the basis for ongoing relationship performance management (see further notes below) there may more formal interview/discussion style processes required, e.g. to complete an Expectations Review.

We recommend that the Charter forms part of a broader Agreement document that further describes how the partnership will work to achieve the mutual goals. This Agreement can also be thought of as the relationship or operational guidelines.

Partnership Working Agreement

The Agreement builds on the Charter and will ensure that the foundation is in place for ongoing management and review of the relationship. It helps the relationship remain effective over time, especially when reviewed and updated regularly by key people.

This document can be thought of as a 'working agreement' or social contract between the parties. It must not contradict anything in the legal agreement.

The following lists the section headings for topics covered in a Partnership Agreement. These sections are not all required, or desired, in every relationship.

- A. The Partnership Charter (effectively a signed Executive summary)
 - 1. Relationship Overview
 - 1.1 Shared Vision and Purpose
 - 1.2 Why the parties are in it (i.e. their expectations, motives, what they gain)
 - 1.3 What the Companies Contribute
 - 1.4 Principles Guiding the relationship
 - 1.5 Objectives (priorities and focus for coming period)
 - 2. Engagement Model
 - 2.1 Governance and Review
 - 2.2 The business model
 - 2.3 Roles and Relationships
 - 2.4 Key Processes
 - 2.5 Risk Management
 - 3. Performance (see also notes in following section)
 - 3.1 Reporting
 - 3.2 Operational KPI's
 - 3.3 Relationship Evaluation

- 4. Communication
 - 4.1 Communications Plan
 - 4.2 Communication principles (eg what branding, use of language etc)

The Agreement is ideally developed collaboratively, although one party may take a lead in this. Workshops and/or informal discussions can be used as the means of gaining insight to the party's perspectives and expectations about the relationship and how it will work. The resultant document and Charter does require both party's commitment.

The process through which the Charter is developed, and the content of the Agreement, can become the basis for ongoing management of the relationship.

Performance Management

Our model for this ongoing performance management reflects the nature of a Partnering Relationship – that is:

1. It is a journey and requires ongoing management and relationship processes.
2. Success can be defined as meeting the expectations of both parties through a fair exchange of value.

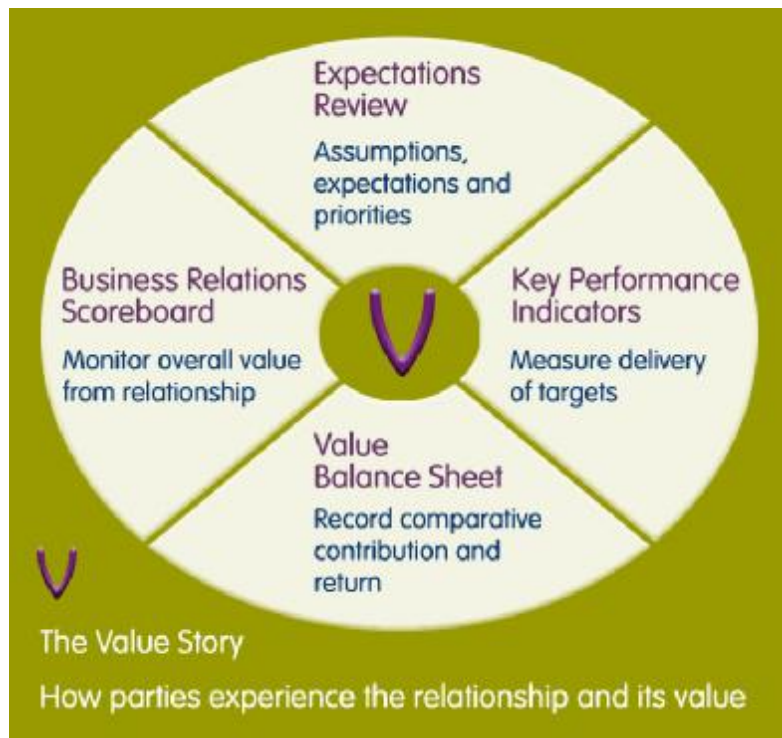
All of the areas shown below provide measurement and/or monitoring of the relationship's performance in achieving its purpose and acting in accord with its Charter.

The following table outlines a model for ongoing Performance Management.

Area	Description
Expectations Review	<p>This is a process through which parties gain and maintain a shared view of their underlying motives and assumptions about what they will gain from the relationship.</p> <p>Identifies and agrees the goals to be achieved and priorities for the period.</p> <p>This gets repeated as expectations will change over time, as will goals as they are achieved.</p> <p>These expectations become the basis for identifying what is important, the exchange required to achieve it and the Key Performance measures that will determine that they are met.</p>
Value Balance Sheet	<p>This records agreement about the Contribution and Return by/to each party of things that constitute 'value', e.g. Intellectual Property, Thought Leadership, Financial.</p> <p>Ensures visibility of the exchange, meeting of expectations and mitigates risk of perceptions that one party is benefiting disproportionately.</p> <ul style="list-style-type: none"> - completed periodically, e.g. six monthly - relates to the nature of 'value' being exchanged, e.g. who contributes what, as shown in the Agreement
Partnership Evaluation Survey (or Health Check)	<p>This is a basis for identifying at a broader level, the perceptions of those working within the partnership.</p> <p>As well as highlighting levels of satisfaction and perceptions about performance, this reflects whether the behaviours agreed in the Charter are being exhibited.</p> <ul style="list-style-type: none"> - Completed at regular intervals (eg 3-4 times per annum) using the Taylored Solutions online survey. - Includes perspectives from all 'levels' of the organisations, operational and management.
Balanced Scorecard – KPI reporting	<p>This is the reporting of overall performance in and by the relationship – it provides a view of actual performance against targets.</p> <ul style="list-style-type: none"> - completed monthly - recorded and reviewed at Management and Operational level - Goals and Key Performance Indicators (or measures) to be included in Charter <p>The KPI measures used will reflect the expectations and goals of the partnership and nature of the relationship.</p>

The results of these are reported to Executives and the Board. The results are also used to communicate through a “value story” to people within the Partner Companies. This avoids uninformed assumptions or perceptions about what is going on and whether the partnership is delivering the value expected.

The following picture provides a summary of the areas discussed in the above table. The component of this entitled Business Relationship Scoreboard is less relevant to the Charter so has not been discussed at this time.



Whether or not such an integrated Performance Management programme is used to support the ongoing success of the relationship, consideration of the principles behind the model will ensure a more effective Charter is established.

Remember the following:

- 1. Everyone has their “value story” – and believes it**
- 2. Be explicit about expectations (they change over time)**
- 3. Measure and monitor the things that reflect delivery on expectations!**