Partnering Relationship Charters
Discussion Paper

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

- The Charter
- The Partnering Agreement
- Relationship Performance Management.

These may be introduced as an integrated framework or simply used as a reference. In the latter case, consideration of the ideas and principles that support the work on the Charter, Agreement and Performance Management will lead to a more effective, useful and meaningful, relationship.

Introduction

A critical factor for success in any form of collaborative, 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** they choose to work together, their individual and collective expectations and contribution to successful outcomes, and their shared vision.

§ **How** they will work together, how they will govern and review the relationship and the engagement model.

§ **What** they'll measure and monitor to reflect success in achieving their shared ambitions.

To enable ongoing or future review of the relationship, these should ideally be documented. This documentation is usually in a Charter, an Agreement or both.

The Charter

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

The Charter generally covers the vision or purpose of the relationship, what success looks like and often outlines the behaviours or principles that will support parties acting co-operatively to achieve the goals.

The power of the Charter is not only due to its content, but in the process through which it is created and used within the organisations.

A Charter typically has the following characteristics:

- It is not a legal document

- It is a commitment, and often 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.

It is a visible statement of 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. It needs, however, to be more than just a poster – it must be owned by the teams and embedded into the organizations.

Ownership, understanding and commitment are achieved through a participative process, engaging people from all areas of the organizations.

The Partnering Agreement

A Partnering Agreement captures the intent of the Charter, as well as the supporting documentation for making the relationship work. Sometimes called a 'working agreement' it is intended to be living reference that changes over time as the relationship changes.

There may also be a contractual Relationship Agreement that provides some of the key information. Aspects of this overall Agreement may be recorded separately or in a single reference document.

The following lists section headings for topics that can be covered in an Agreement. These sections are *not* all required, or desired, in every relationship.

1. Background
   § Nature of the Relationship
   § Why the parties are in it (i.e. their expectations, motives)
   § The Value Proposition and Exchange
   § The Goals, objectives, outcomes

2. Commercial
   § Governance Model
   § How to engage with each other (who meets when, why etc)
   § Commercial relationship and Governing Contracts (summaries and key clauses)
   § Financial management
   § Intellectual Property
   § Risk Management

3. People
   § Guiding Principles and Behaviours
   § Relationship Development
   § Incentives approach

4. Operation
   § Principles of Operation
   § Overall Business model

- **§** Operational Review Forums
- **§** Processes (e.g. problem resolution, priority planning)
- **§** Performance Management programme (includes KPI's)
- **§** Security Management

5. Communication
- **§** External Communication approach
- **§** Internal Communications plan

The Agreement is ideally developed through a collaborative approach, 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 signature and commitment.

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

Ongoing Performance Management

The model presented below is based on our Value Management System. It 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.

The framework shown below ensures measurement and/or monitoring of the relationship's performance in achieving its purpose and acting in accord with its Charter. The process through which the monitoring occurs can include Relationship Health Check surveys.

Area	Description
Expectations Review	This is a process through which parties gain a shared view of their underlying motives and assumptions about what they will gain from the relationship. Identifies and agrees the goals to be achieved (e.g. overall, and for a 3-5 year period).
	This will be repeated as expectations will change over time, as will goals as they are achieved.
	It typically involves Executives in the discussion and some agreement of expectations is required for development of a Charter.
	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.
Value Balance Sheet	This documents agreement about the Contribution and Return by/to each party of things that constitute 'value', e.g. Intellectual Property, Thought Leadership, Financial.
	Ensures visibility of the exchange, meeting of expectations and mitigates risk of perceptions that one party is benefiting dis-proportionately.

Feedback Survey	This is a basis for identifying at a broader level, the perceptions of those working within the partnership.
	As well as highlighting levels of satisfaction and perceptions about performance, this reflects whether the behaviours agreed in the Charter are being exhibited.
	It includes all 'levels' of the organisations, operational and management
Balanced Scorecard – KPI reporting	This is the reporting of overall performance in and by the relationship – it provides a view of actual performance against targets.
	Contains measures that reflect both operational and relationship performance.
	The KPI measures used will reflect the expectations and goals of the partnership and nature of the relationship.

The results of these can be reported to Executives and the Board. The results are also used to communicate 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 table. The component of this entitled Business Relationship Scoreboard is less relevant to the Charter so has not been discussed at this time.
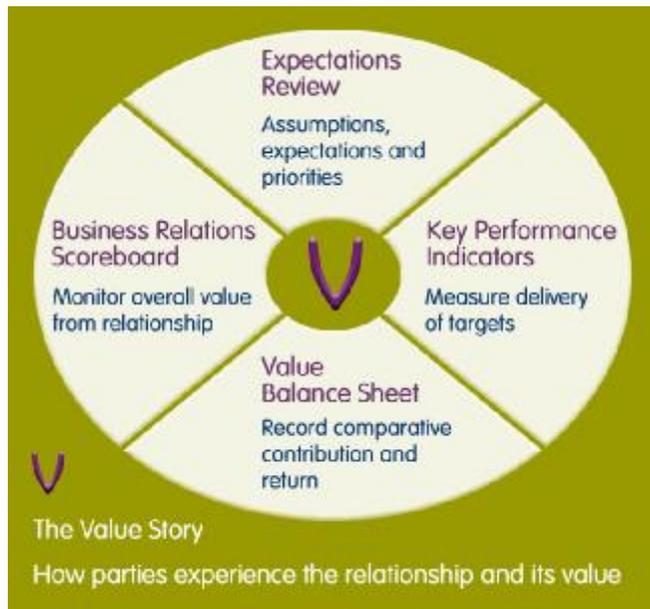
Remember **the following:**

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!