Meyer's Management Models

85. Organizational Partnering Model

How can I do business with other organizations?

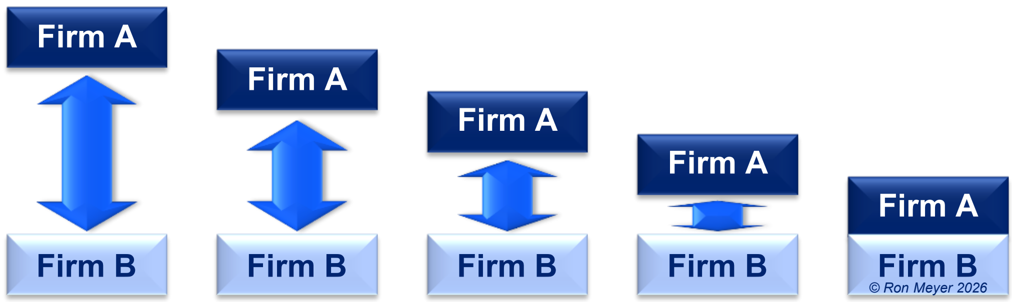
Key Definitions

Interorganizational relations are the connections that an organization has with other parties in the industry value chain, such as suppliers, contractors, distributors, buyers, and competitors, but also with other contextual actors such as unions, governments, universities, and the media.

In the value chain, relations have traditionally been characterized as *transactional* (market-based) or *controlled* (hierarchy-based) – the actors were either independent of each other (at arm's length) or dependent on each other (fully integrated). Between these two extremes lay *cooperative* relationships (partnership-based), whereby the two parties are interdependent.

Conceptual Model

The *Organizational Partnering Model* is a framework outlining three types of partnering, between the two opposite poles of arm's length relations and full integration. Distinguishing these three is important as partnering is often seen as only one option instead of three. In this model, each of the five types of organizational relationships is explained, making it a useful framework to determine the most appropriate way to do business with other organizations.



	Arm's Length Relations	***Operational Partnership***	***Tactical Partnership***	***Strategic Partnership***	***Full Integration***
Orientation	Short-term, deal-focus	Medium term, contract-focus	Medium-long term, project-focus	Long-term, virtual integration-focus	Long-term, actual integration focus
Objectives	Transact when useful	Reliability & low transaction costs	Joint investment & mutual support	Full alignment & coordination	Full alignment & control
Relationship	Non-exclusive & independent	Limited interdependence	Partially exclusive & interdependent	Exclusive & interdependent	Exclusive & dependent
Contact	Infrequent, wary,& transactional	Regular, critical, & operational	Frequent, helpful, & cooperative	Constant, trusting, & committed	Institutionalized & controlled
Expectations	Avoid commitment & play the field	Limit commitment, but create stability	Commit to project, but keep options open	Fully commit & win together	Should act as one team

Key Elements

The five organizational relationship types are the following:

1. ***Arm's Length Relations***. The most common relationship is the transactional one, where organizations buy or sell products and/or services with no strings attached. This approach is most appropriate when transaction costs are low, switching is easy, and there is little need for a stable, reliable relationship. Organizations can then shop around for the best

deal, without getting locked into one party and becoming more dependent. The relationship is fundamentally competitive, as conditions are determined based on negotiating power.

2. ***Operational Partnership***. Where costs associated with each transaction are higher, switching is more difficult and/or costly, and there is a need for a more stable and reliable relationship, organizations can opt to sign contracts covering multiple transactions over a longer period. Such a framework agreement usually fixes prices and conditions to prevent opportunistic behavior. However, such deals are generally time-limited and non-exclusive to avoid lock-in, while the relationship is still largely competitive and negotiated.
3. ***Tactical Partnership***. Where parties need to jointly invest and support each other to realize a specific common goal, their relationship will need to be tighter, more trusting and long-term. As switching will be more difficult, they will need to be more committed to the joint venture, but at the same time both will want to keep their options open and not become too dependent on the other. Such a relationship is a tactical halfway house between cooperation (winning together) and competition (winning at the expense of the other).
4. ***Strategic Partnership***. Where both sides become indispensable to each other – either winning together or losing together – they often choose to fully commit to a long-term mutually beneficial relationship. Not only does this require aligning their operations, but they will also need to coordinate their strategies, thereby moving towards virtual integration. This level of cooperation demands a high level of commitment, trust and reciprocal support, which usually can only be maintained in an exclusive or nearly exclusive relationship.
5. ***Full Integration.*** When the level of dependence on each other is high, it can leave one or both sides feeling vulnerable to the other's underperformance, or even worse, to potential misalignment, conflict and/or self-serving behavior. As partnering is based on voluntary cooperation, the exposed side can feel they have limited power to influence the other side's behavior. Therefore, they often prefer to take ownership of the other, so they have formal control and can integrate them into the governance structure, thus "enforcing cooperation".

Key Insights

- ***Partnering is found between bachelorship and marriage.*** Like committed bachelors, organizations can play the field, while keeping suitors at arm's length and remaining independent, or they can tie the knot, committing to integrating their lives for the long run. Yet, between these two opposites, there is the possibility to build a partnership, balancing the need for self-determination and autonomy with the need for cooperation and stability.
- ***Partnering comes in three forms***. An *operational partnership* is a loose form of cooperation, focused on medium-term stability and predictability, almost like dating. A *tactical partnership* is a tighter form of cooperation around an important joint interest, almost like living apart together. A *strategic partnership* is a very tight form of cooperation, focused on long-term integration, like living together but without getting formally married.
- ***Partnering balances competition & cooperation***. Organizations need to be *competitive* – focused on winning themselves even when it is at the expense of others. Yet they also need to be *cooperative* – focused on working with others to win together even when it might be at their own expense. The three partnering forms find a different balance between both.
- ***Partnering is harder than the extremes***. The *invisible hand* of the market (arm's length relations) and the *visible hand* of management (integration) are easier than the *continuous handshake*, which requires mutual understanding, trust and ongoing coordination.
- ***Partnering is a strategic choice.*** For each organizational relationship in the value chain, all five alternative forms of doing business with each other need to be considered.

Meyer’s Management Models

Insightful Tools to Kickstart Your Thinking

Publication Schedule

July 2019	***Mind the Gap Model***	***Change Management***
August 2019	***Digital Platform Map***	***Digital Strategy***
September 2019	***Interaction Pressure Gauge***	***Interpersonal Interaction***
October 2019	***Revenue Model Framework***	***Revenue Model Typology***
November 2019	***House of Engagement***	***Organizational Engagement***
December 2019	***Confidence Quotient***	***Trust Building***
January 2020	***Competition Tornado***	***Competitive Strategy***
February 2020	***11C Synergy Model***	***Corporate Synergy Management***
March 2020	***Leadership Fairness Model***	***Leader-Follower Interaction***
April 2020	***Strategic Agility Model***	***Strategy Process Approach***
May 2020	***Control Panel***	***Corporate Control Dimensions***
June 2020	***Rising Star Framework***	***Talent Management***
July 2020	***Strategy Development Cycle***	***Strategy Process Steps***
August 2020	***7I Corporate Center Model***	***Corporate Organization***
September 2020	***Storytelling Scripts***	***Leadership Communication***
October 2020	***Strategic Bets Framework***	***Strategic Decision-Making***
November 2020	***Rebound Model of Resilience***	***Organizational Resilience***
December 2020	***4C Leadership Capabilities***	***Leadership Competences***
January 2021	***Digital Product Model Dial***	***Digital Strategy***
February 2021	***Digital Distribution Model Dial***	***Digital Strategy***
March 2021	***Empowerment Cycle***	***Employee Empowerment***
April 2021	***Innovation Box***	***Innovation Approaches***
May 2021	***Knowledge Sharing Bridges***	***Best Practice Sharing***
June 2021	***Followership Cycle***	***Leader-Follower Interaction***
July 2021	***Everest Model of Change***	***Change Management***
August 2021	***Fruits & Nuts Matrix***	***Priority-Setting***
September 2021	***Powerhouse Framework***	***People & Organization Strategy***
October 2021	***Strategy Hourglass***	***Strategy-Making Steps***
November 2021	***Disciplined Dialogue Model***	***Interpersonal Communication***
December 2021	***Team Building Cycle***	***Team Building Process***
January 2022	***Market System Map***	***External Analysis Framework***
February 2022	***Strategic Alignment Model***	***Business Level Strategy***
March 2022	***Creativity X-Factor***	***Creativity Enhancement***
April 2022	***Organizational System Map***	***Organizational Analysis***
May 2022	***Corporate Value Creation Model***	***Corporate Level Strategy***
June 2022	***Change Manager’s Toolbox***	***Change Methodologies***

July 2022	*Sustainable You Model*	*Personal Sustainability*
August 2022	*Value Proposition Dial*	*Business Level Strategy*
September 2022	*The Tree of Power*	*Organizational Power*
October 2022	*Psychological Safety Compass*	*Team Dynamics*
November 2022	*Strategic Action Modes*	*Strategy Process*
December 2022	*Corporate Management Styles*	*HQ Management*
January 2023	*Thinking Directions Framework*	*Reasoning Skills*
February 2023	*5I Innovation Pipeline*	*Innovation Process*
March 2023	*Resistance to Change Typology*	*Change Management*
April 2023	*Ambition Radar Screen*	*Motivation Analysis*
May 2023	*Corporate Strategy Framework*	*Corporate Strategy*
June 2023	*Cultural Fabric Model*	*Organizational Culture*
July 2023	*New Pyramid Principle*	*Presentation Approaches*
August 2023	*Activity System Dial*	*Value Creation Analysis*
September 2023	*Customer-Centricity Circle*	*Organizational Design*
October 2023	*Status Snakes & Ladders*	*Leadership Branding*
November 2023	*Stakeholder Stance Map*	*Stakeholder Management*
December 2023	*Best Practice Sharing Modes*	*Sharing Methods*
January 2024	*Duty of Care Feedback Model*	*Feedback Method*
February 2024	*BOLD Vision Framework*	*Organizational Vision*
March 2024	*MOVING Mission Framework*	*Organizational Mission*
April 2024	*Leadership Circle Map*	*Leadership Skills*
May 2024	*Digitalization Staircase*	*Digital Strategy*
June 2024	*Time Management Funnel*	*Personal Time Management*
July 2024	*Wicked Problem Scorecard*	*Organizational Decision-Making*
August 2024	*Hunting & Farming Typology*	*Sales Management*
September 2024	*Guiding STAR Matrix*	*Objective Setting Approach*
October 2024	*Corporate Synergy Typology*	*Corporate Level Strategy*
November 2024	*Self-Centered Thinking Traps*	*Thinking Styles*
December 2024	*Sustainability Maturity Ladder*	*Sustainability Management*
January 2025	*Top Line Growth Pie*	*Growth Strategy*
February 2025	*Innovation Sins & Virtues*	*Innovation Management*
March 2025	*Interaction Drivers*	*Communication Determinants*
April 2025	*Frictionless Flow Framework*	*Customer Journey*
May 2025	*Five Phases of Change*	*Change Management*
June 2025	*Courageous Core Model*	*Leadership Behaviors*
July 2025	*Integration Zippers*	*Corporate Strategy*
August 2025	*Innovation Arena*	*Innovation Management*
September 2025	*Conversation Elevator*	*Communication Approaches*
October 2025	*5T SMART Plan*	*Strategic Planning*

November 2025	***Organizational Diamond***	***Organizational Design***
December 2025	***New Learning Curve***	***Personal Learning***
January 2026	***Strategic Assignment Matrix***	***Corporate Strategy***
February 2026	***Five Company-Centric Forces***	***Organizational Dynamics***
March 2026	***Personal System Map***	***Personal Development***
April 2026	***Resource Base Dial***	***Business Level Strategy***
May 2026	***Humanistic Organization***	***Organizational Paradigm***
June 2026	***Feedback Flavors Framework***	***Interpersonal Feedback***
July 2026	***Organizational Partnering Model***	***Interorganizational Relations***
August 2026	Competence Guilds	Organizational Learning
September 2026	Personal Quick Guide	Personal Effectiveness
October 2026	Stakeholder Typology	Strategic Leadership
November 2026	Triple Diamond Decision-Making	Team Decision-Making
December 2026	Followership Fellows	Followership Types
January 2027	Synergy Value Matrix	Corporate Level Strategy
February 2027	Knowledge Transfer Mechanisms	Organizational Learning
March 2027	Leadership Brand Model	Leadership Reputation
April 2027	Change Contracting Cube	Organizational Change