

How to Use the Partnership Model

I think the model is invaluable and I have seen it work with all types of relationships.

– Joe Gordon

*Vice President of Supply Chain
Noodles & Company*

Overview

In this chapter we describe how to use the Partnership Model to identify the potential for a partnership between two organizations. Implementation issues are documented and guidance is provided for managers who want to use this tool to structure business relationships with key customers and suppliers.

Introduction

The Partnership Model has been used successfully to structure buyer - seller relationships, to encourage divisions of the same corporation with separate financial statements to work for the common shareholder, with government and non-government organizations, and in domestic and international settings.

The Partnership Model has been used successfully to structure buyer - seller relationships, to encourage divisions of the same corporation with separate financial statements to work for the common shareholder, with government and non-government organizations, and in domestic and international settings. Managers consistently report that they would not have considered as many issues and would not have done so as holistically without the structure provided by the model. Some of the outcomes have surprised the users. A retailer used the model with a supplier who subsequently acquired a west coast manufacturing capability to provide full national coverage. The investment had been resisted before the partnership meeting. In another example, a consumer products manufacturer used the model in order to increase the flow of innovation opportunities from key suppliers. During one partnership meeting, a supplier committed to assigning a dedicated salesperson as well as an employee in their research and development department to this manufacturer. This commitment was made because the partnership meeting identified the concerns of the vice president of research and development of the manufacturer about how the confidentiality of joint innovations between the companies would be handled.

The managers who participated in the more than 80 meetings using the model have quantified the value of using the model. Executives from a consumer products manufacturer identified that one of the outcomes of using the model was implementation of vendor managed supply that produced \$4.3 million in annual savings. Another case involving this manufacturer resulted in \$2.8 million in annual savings by identifying an opportunity to work with the supplier to restructure its network. In another company, management attributed the acceleration of a key