PARTNERING WITH THE FRENEMY

A FRAMEWORK FOR MANAGING BUSINESS RELATIONSHIPS, MINIMIZING CONFLICT, AND ACHIEVING PARTNERSHIP SUCCESS
Praise for

*Partnering with the Frenemy*

“In both supply-chain management and the channels of distribution, strategic partnerships are critical to success. But truly synergistic partnerships are hard to find. Professor Jap draws on her own experience and extensive research to help us learn from partnerships that have gone awry. Managers who understand why partnerships fail learn to minimize failures and, in turn, enhance successful collaboration.”

—John R. Hauser, Kirin Professor of Marketing, MIT Sloan School of Management

“Dr. Sandy Jap is an academic with her feet out of the ivory tower and in the real world of business. *Partnering with the Frenemy* is an insightful view about what can make relationships work, or not work, amongst businesses.”

—David Hisco, CEO ANZ Bank New Zealand

“Sandy Jap is a world-class academic with a passion for the challenges of sustaining business partnerships. Her book is not only rigorous, but also very accessible and full of hands-on advice for anyone involved in such partnerships. I recommend it with enthusiasm.”

—Dominique M. Hanssens, Bud Knapp Distinguished Professor of Marketing, UCLA Anderson School of Management

“Sandy Jap has spent decades studying a subject that perplexes many firms: why a business relationship that had been good for years, seems suddenly, inexplicably to have gone south. She calls this phenomenon ‘frenemization’ (and we do need a term for it). In this short book, she explains both the causes and possible cures for this nasty problem. Read this book; if you don’t, some of your friends will likely become your frenemies.”

—Gary L. Lilien, Distinguished Research Professor of Management Science, Penn State and Research Director, Institute for the Study of Business Markets

“In today’s rapid-pace business world where no firm can do it all, relationships between organizations are necessary but can fall apart quickly. Sandy Jap’s insightful book describes how and why these relationships fail but also gives hope by offering a useful framework to support enduring business relationships to create value for all. Thank you Sandy!”

—Jackson Nickerson, Frahm Family Professor of Strategy and Organization, Olin Business School, Brookings non-resident Senior Scholar, Associate Dean and Director Brooking Executive Education

“Sandy Jap is the most qualified scholar to help us understand the underpinnings of inter-organizational relationships. In this book, she makes an invaluable contribution to helping managers in organizations create, maintain, and enhance these relationships over time. This is essential reading for anyone working in both for- and non-profit organizations today.”

—Russell S. Winer, William H. Joyce Professor of Marketing, Stern School of Business, New York University
“Sandy Jap is the Dr. Phil of business relationships—knowledgeable, brutally honest, insightful, exciting, and valuable advice for successful business partnerships. Partnering with the Frenemy is a must read for anyone seeking strong business relationships and successful business partnerships. This book gives you access to a lifetime of wisdom on what it takes for successful business partnerships from one of the preeminent relationship gurus of our time.”

—Mark Bergen, Associate Dean and James D. Watkins Chair in Marketing, University of Minnesota Carlson School of Management

“Powerful insights on what makes business relationships tick—when they grow—when they come apart—and how to make them stronger. Built on rigorous, relevant research and clearly explained in Sandy’s unique and very engaging style. Don’t miss this book—it will make you more money, enable you to build stronger business relationships, and it’s fun to read!”

—Ralph A. Oliva, Director, Institute for the Study of Business Markets, Professor of Marketing, Smeal College of Business, Penn State

“We all deal with different kinds of partnerships in our business or professional lives. Read Sandy Jap’s book as she uses her personal experience and management expertise to explain what makes partnerships work or come apart. You’ll understand them as never before and might become a better partner yourself, and not just in business.”

—Sidney Perkowitz, Candler Professor of Physics Emeritus, Emory University and author of Slow Light

“I have followed Sandy and her work for years. She is THE foremost expert on all things B2B. This is a great book that will show you how you can turn your ‘frenemies’ into strong partnerships that can deliver ongoing benefits.”

—Donna L. Hoffman, Louis Rosenfeld Distinguished Professor and Co-Director, Center for the Connected Consumer, The George Washington University

“A delightful approach to solving a difficult business problem. Dr. Jap takes a refreshing look at business partnerships and builds a solid case for how many of these fail. She provides an analytical view of what goes wrong and gives actionable advice for how to take a more successful, long-lasting approach to partnering. Definitely a more nuanced discussion than your average business book.”

—Silke Talsma, Ph.D., Kimberly Clark Corporation

“Sandy Jap is one of the most astute and experienced of all business marketing experts. Here, she tackles one of the most fundamentally important but misunderstood and neglected topics—how to build productive relationships with other businesses. Full of rich examples and practical research-grounded insights, Partnering with the Frenemy is enlightening and inspiring as to the possible rewards of managing business partners correctly.”

—Kevin Lane Keller, E.B. Osborn Professor of Marketing, Tuck School of Business
Partnering with the Frenemy
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Partnering with the Frenemy

A Framework for Managing Business Relationships, Minimizing Conflict, and Achieving Partnership Success

Sandy D. Jap
Emory University
For Jenny and Alex, who make my world go around.

And in memory of my grandma Hannah,
who led by example.
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About the Author

Sandy Jap is currently a professor of marketing at the Goizueta Business School at Emory University. She joined the school in 2001 and is a cofounder of the Emory Marketing Analytics Center (MAC). Her research centers on the development and management of interorganizational relationship and multichannel strategy as well as e-procurement design of industrial reverse auctions. She has developed algorithms for analyzing and forecasting bidding strategies related to effective auction design. She has won numerous awards for her impact on the field and is currently developing decision support systems for multichannel sales and media management with a number of firms. Her research efforts have been conducted in a number of industries, including the aerospace, automotive, chemical, petroleum, high-tech, and consumer product industries, and the work has received significant attention from the academic community and the marketplace, including the Wall Street Journal, CFO Magazine, and Harvard Business Review. She is an editorial board member at leading marketing journals, and her work appears in a variety of books. She was on the faculty at the Sloan School of Management at the Massachusetts Institute of Technology from 1995-2001 prior to joining Goizueta, and in 2009 was a visiting associate professor of marketing at the Wharton School at the University of Pennsylvania. She received her PhD from the University of Florida (Go Gators!) and enjoys life with her kids. Tennis, red wine, and New England summers come in a very close second.

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Preface

Anyone who is intrigued by the notion that 1+1 can equal 3 should read this book. This is the concept of synergy, or earning more returns together than you could have earned alone. Before I earned my PhD, I worked as a manufacturer sales rep and had to sell a rattan furniture line to wholesalers, retailers, and distributors. I would troll the hallways of the High Point Furniture marketplace, trying to convince potential customers to adopt our line. Some customers were difficult: They didn’t respond in a timely manner, they rarely gave me enough—let alone relevant—information, and they were always nickel and diming me. In short, they were a pain in the butt. But a few customers always were delightful to work with; they were cooperative, flexible, and willing to experiment with new ideas and offerings. Together, we grew their business and mine. Writing contracts with them wasn’t like fighting for a distant relative’s million dollar inheritance; it was fast, efficient, and fair. I couldn’t figure out what explained one customer relationship compared to another.

When it was time to choose a dissertation topic for my PhD, I decided to crack this mystery. I wanted to figure out how firms can create a portfolio of fantastic customers and partners that enable them to grow their business in creative ways. I wanted to understand how organizational synergies are created and how two together can be greater than the sum of their parts. That was 25 years ago.

I went on to write many papers about how partners can expand the pie of joint benefits, improve profits, and gain sustainable competitive advantage. I wrote papers about how to share the expanded pie, how partnerships develop over time, and how to ensure that each party’s interests and outcomes are safeguarded effectively. Those decades were the partnering heydays in the business world, and a tremendous amount of attention was being paid to the issue of collaboration and building effective and successful partnerships. However, what I could
never escape was the fact that many partnerships failed; there were more pain-in-the-butt relationships than synergistic ones. And like any academic, I was determined to understand why.

What I discovered along the way is a robust phenomenon that I refer to as “frenemization.” This is simply the tendency for partners who are initially noncompetitive friends to become enemies over time. *Frenemies* are persons or groups that are outwardly friendly because the relationship brings benefits, but harbor feelings of resentment or rivalry. There are many current examples of this in the marketplace (Samsung and Google, Martha Stewart and Macy’s, Oracle and Sun Microsystems, Costco and Coca Cola) and some classic examples from the past (Best Buy and Apple, Calvin Klein and Warnaco, Nike and Foot Locker).

Why and how frenemies arise in partnering relationships is the subject of this book. It is first and foremost an explanation of why partnering efforts fail more than succeed. Frenemization occurs for two very broad reasons. The first is economical and structural: partnering success increases and imbalances the power dynamics, leading the partners to rebalance their relationship in a manner that invariably gives rise to resentment, contempt, and often direct competition between the parties. Frenemization is sometimes due to relationship differences, such as partner growth and the development of power imbalances, or because the partners focused too much on the economic and financial aspects of the relationship at the neglect of the social and personal factors needed to grease the engine wheels.

The second reason is noneconomic and social: Business partnerships exhibit relational behaviors—firms build trust, seal commitments, break promises, and even cheat on their partners. While most partnerships are designed to motivate the players to act in their mutual best interests, paradoxically, these interpersonal ties also encourage and enable the parties to act opportunistically in small but consistent ways. Over time, these seemingly innocuous acts of opportunism or
“sins of omission” form the basis of a deadly poison to organizational collaboration.

My research has shown that frenemization can happen because there is too much trust and rapport between individuals and firms. And the most poisonous aspect of any repeated exchange with a business partner is suspicion, plain and simple. The truth doesn’t necessarily make suspicion go away. Suspicion, and the tendency to think and expect the worst from a partner, is endemic to regular business practices. So understanding why relationships go awry is the first step toward understanding how to bulletproof your partnership from this dark side of exchange.

In this book, I share with you research on how relational dynamics, as well as the personalities, emotions, and expectations of partners, play out in partnering contexts. I develop and draw on interdisciplinary behavioral theories from social psychology, economics, and sociology to illustrate how this happens. By bridging the gap between business practice and a wide body of (mostly impenetrable) academic research on collaboration, my goal is to show you the larger story of how personal relationship dynamics, decision making, and the organizational context uniquely contribute to frenemization. Why partners frenemize is complicated; it stems from the nature of the firms involved, from individual managers, and from their relational dynamics or competitive spaces. It is also due to the mental mindsets and perceptions that exist at every level of the partnering firms. All these factors operate simultaneously between organizations and their broader economic network.

This book is not simply about organizational conflict or its management. Full-blown conflict may result from the dynamics described in this book, but the focus is on the causal mechanism—what I refer to as the “dark side” of partnering—the actions and attitudes that quietly poison and undermine the partnering effort and move the relationship toward dissolution. These activities are constantly at play below the surface and largely unnoticeable to the partners (although
each may harbor suspicions), until one day they garner the attention (and often surprise) of everyone involved, rise to the fore, and kill the relationship.

If you are an individual who recognizes the need for partnering—and virtually every firm and organization, whether for profit or nonprofit, inevitably needs to partner with others—then you will gain value from reading this book. You will understand better the pitfalls of partnering, and how often well-meaning efforts on our part only serve to unintentionally poison a relationship from the inside out. You will learn the steps to take to bulletproof your partnership, as well as how to adapt your relationship management strategies to a constantly changing and dynamic partnership environment over time. In short, you will learn how to cure frenemization, or at least minimize it in your ongoing relationships.

Getting the balance between the social and financial aspects of exchange right is about as easy as walking on water. Sure, there are individuals who can “barefoot” without skis, and this comes close, but it is still not the equivalent. Gaining balance, and keeping it over time, is close to impossible. I guarantee that this is one perspective that you will not find in any other book for managers.
There’s something remarkably attractive and winsome in relationships that work. The partnership efforts of two firms working together have been described by some as a good marriage. Everyone who knows and sees them together senses that the relationship works. They are like a well-oiled machine, understanding each partner’s point of view and predicting the other’s responses to changing circumstances and events. They have a common future, similar values, and compatible sensibilities. Where one falls short, another steps in. They leave people, groups, and places that they have touched better off than when they first met.

When AT&T partnered with the Williams Formula One (F1) motor racing team, it did more than just provide secure connectivity and a temporary point of presence for the team’s garage. Together, the two partners developed a unique telemetry system to poll and download 100 megabits of data on each car’s performance in real time. In 3 milliseconds, the data was transferred to the Williams car factory in the United Kingdom where all its engineering resources could be brought to bear simultaneously and in real time to maximize the car’s performance. It was this unique fusion of IT systems, effort, and people that resulted in fewer IT shipments and people needed at races, as well as better management of the cars over the weekend. This capability to constantly improve car performance over a nine-month race season and on each race weekend resulted in the Williams F1 teams outperforming its better-funded rivals. This is the sizzle that every partnership strives for.
But whether a personal or an organizational relationship, the secrets to a relationship’s success are never readily observable to the outside world. We see only the consequences of their efforts. We might try to guess what makes the relationship work: regular communication, division of tasks, respect, a forward-looking strategy. But we never really observe the nuts and bolts of what makes the partnership work over time. This makes partnerships extraordinarily difficult to duplicate, reverse-engineer, or scale up. This is also what makes them a critical source of strategic advantage; competitors cannot easily observe their activities, processes, and efforts. In other words, this causal ambiguity is their secret sauce. Italian chefs will tell you that the sauce, not the pasta or macaroni, is what really defines the dish.

We all recognize that partnership success requires the development of formal plans, goals, and objectives. But how many partnerships also have a plan for how to work together and interact as partners? How many partnerships have you been in, or known of, that had an exit strategy in place? Partnerships break down when trust is lost, communication is hampered, and disagreements are unresolved or avoided; in short, relationship management typically kills partnerships, not the need for more formal planning and contracts. Communication lapses and misunderstandings are inevitable, but divorce—the death of the relationship—can be prevented.

Some may not be convinced that relationship death and dissolution really happen as often as I claim. Let’s consider the numbers. It’s a fact of life that committed arrangements, like marriages, are prone to dissolution. Divorce rates have hovered at 50% for decades. But did you know that the failure rate for second marriages increases to 60%, and to 73% for the third? This suggests that not only is the probability of relationship success or failure close to random chance, the likelihood of failure increases with time and experience! You might protest that these statistics are relevant only to personal relationships. In the business world, managers are professionals, and things are different. We rationalize and analyze, relying on hard facts and numbers. Here’s
a number: The failure rates of partnerships and alliances have hovered between 50% and 60% for a number of years. A 2014 report of the CMO Council notes that 43% of their respondents report a high failure rate for their partnerships, 42% report that their partnerships are not well leveraged, 45% cannot maintain a long-term successful relationship, and 67% do not have formal partnering strategies. So business relationships fare at best, close to random chance; the likelihood of success is decidedly low.

IBM’s Global Business Services group launched a study to understand how organizations can better manage change and identify strategies for improving project outcomes. Surveys and face-to-face interviews with more than 1,500 project leaders, sponsors, project managers, and change managers across 21 different industries and throughout the world found that nearly 60% of the projects reported on by these managers failed to fully meet their objectives, falling short of time, budget, or quality goals. A full 15% missed their goals altogether or were stopped by management. The source of the failure was not technology or a lack of it, but the management of people and their relationships with each other and across organizational units. When asked what the most significant challenges were when implementing change, the top reasons managers cited were not hard factors such as resources, work flow processes, or even technology; it was the squishy stuff: mindsets and attitudes, culture, commitment, and motivation (see Figure 0.1).
It didn’t surprise me that interpersonal relationships and other social aspects of organizational life would impede success. What surprised me was that they were seen as a greater issue than a lack of resources! When you consider that many projects comprise a series of smaller projects, an inability to manage the relational factors consistently over a successive series of projects exponentially compounds the problem and likelihood of failure.

Six years later, IBM investigated the change management challenge, and again, the soft factors continued to top their list (see Figure 0.2).
Figure 0.2 What makes change successful? (from IBM Institute for Business Value, “Making Change Work...While the Work Keeps Changing,” 2014)

This chart indicates that the biggest impediment to success in organizations is not the organizational structure (reporting lines, performance measures, training). It’s not even incentives, both monetary and nonmonetary. The core obstacles to project success are the inability to successfully manage organizational relationships, human managers, and the communication and relational dynamics between them. And therein lies the rub. How many courses have you taken on managing interpersonal relationships in organizations? How about a course on how to manage organizational relationships, which can span a wide array of cross-functional areas, firm capabilities, continents, and cultures? This is why I wrote this book.

Is Partnership Death Preventable?

I had the privilege of being raised in households in which my mother and my grandmother were amazing cooks, Asian Martha Stewarts *par excellence*. My mom’s cooking was the centerpiece of
her restaurant, and she has taught countless Chinese cooking classes to those who have tried to duplicate her dishes. I wish I could say that I am also an unparalleled Asian cook, but the truth of the matter is that whenever I asked either of them to teach me how to cook as I was growing up, the answer was always, “It’s more important for you to get an education than to learn how to cook. Cooking can be learned quickly and at any time. For now, you need to focus on your work and school, while you are still young and have the time.”

Regrettably, my grandmother passed away before I could learn her cooking secrets and rituals. And while I am fortunate enough to still have my mother to learn from, the reality is that over the past 20 years I focused instead on the cooking of successful partnering relationships. You are holding my recipe book, my notes and insights from 20 years of analysis, experiments, and time “in the wild.” I don’t want to make the mistake of not passing on what I learned and what I believe works, and the circumstances under which they work best. The development and ongoing management of partnering relationships doesn’t have to be a mystery, even if it is causally ambiguous and difficult to observe. There are principles that prevail and generalize across industries and, yes, even to yours. The principles and techniques are available to anyone who cares to seek, reflect, and put them into practice.

Like most chefs, I have not written the recipe book to end all recipe books, but I offer this one as an attempt to provide a novel perspective on partnering relationships. I welcome you to view this book as a fillet, not a buffet; it is not designed to be all things to all people or to be the definitive guide on partnering. It provides one perspective—mine. My focus is on how relational dynamics as well as the personalities, emotions, and expectations of the partners play out in business partnerships. My recipes use a few common ingredients: interdisciplinary behavioral theories from marketing, social psychology, economics, and sociology. These findings and insights are also mixed with a great deal of empirical evidence from many industries.
My own research covers a wide swath of industries ranging from the automotive sector to consumer packaged goods, from chemicals and gases to high tech, from agriculture to beer. So put on your aprons and hats, because the training begins now.

Over the years, I have learned that partnerships as described in my opening sentences are hard to find. So while many researchers have reported on and explained how partnering should be done right (there are countless books, journal articles, stories, and magazines that tell us about these practices), my own path has been to learn from the instances in which partnerships have failed, gone awry, or remain dangling by a thread. In fact, research shows that this is the more likely outcome of partnering efforts. While the published failure rate is 50% to 60%, countless failures never reached the point of publication. This is not just personal cynicism; it is an empirical reality.

Why this happens is the focus of this book. You will learn that most partnerships, unlike idyllic marriages, often reach a state of power imbalance, friction, and even direct competition. This takes a tremendous amount of effort to maintain and raises all sorts of relationship problems like suspicion, conflict, and vilification. The net effect of all this is to makes dissolution more attractive than staying together and making it work. Sometimes exiting is the best outcome, but more often than not it is done poorly or, even worse, acrimoniously. The real tragedy is when partnerships are terminated prematurely, before either firm’s investments have been brought to fruition or its key goals achieved.

For managers, the key is knowing not only why frenemization happens and how it poisons collaboration, but also knowing what to do to minimize it. In the fast-paced business world, a manager’s ability to effectively manage collaboration—whether between employees, external organizations and groups, customers, partners or suppliers—is becoming a critical skill that has been shown to distinguish top performing managers from their less successful counterparts. As supply chains and distribution channels become more global, organizations...
must acquire new skills and capabilities. Leadership talent in partnering and organizational collaboration will continue to be one of the most urgent needs in the days and years ahead.

**Frenemies Are the Closet Skeletons of Relationships**

This book is about firms that begin their relationship as friends and become enemies, if not direct competitors. This is counterintuitive. Why would two organizational partners with different skills and abilities who have discovered a way for both of them to make more money together than apart, become enemies? When Calvin Klein and Warnaco partnered to sell more underwear, they took sales from $55 million to $350 million over the course of five years. In three years alone, Calvin Klein earned more than $85 million in royalty checks from this effort. However, in year six, Calvin Klein filed suit against Warnaco. There was no shortage of issues: overproduction and distribution through low-end channels, use of cheaper materials in production, unauthorized adaptation of designs, and a failure to follow branding guidelines. The situation went from bad to worse. The press remarked that “They’re like Siamese twins stabbing each other in their mutual heart. Both, then, have a lot to lose. While Klein is fighting for his identity, Wachner [Warnaco’s CEO] is fighting for her survival.” The drama set a precedent in the fashion industry, the first in which a manufacturer was charged with brand equity dilution and a designer held accountable for ineffective brand advertising (this was a reference to Calvin Klein’s campaign involving extremely thin models).

What happened? Somewhere between the heights and depths of their relationship is a black box, almost a black hole. I have observed across numerous organizations and industries, throughout multiple levels of a firm, and over time that friendly partners become enemies. Your partner becomes your frenemy. In fact, it seems almost
inevitable, although the phenomenon may not be well known. It is difficult to find public stories and articles about frenemization. However, when I describe this problem to managers, they unanimously respond, “Yes! I know exactly what you are talking about!” They then proceed to tell me their experiences in great detail. The narratives are eye-opening, and they typically end their story with, “But please don’t print that. It’s not something that we would like to have public.”

Frenemies are the dirty laundry of partnering. By the time we hear about it in the press, it is usually full-blown and the partners have moved to the stage of heated and public conflict. This makes great news stories, but does not help us understand why frenemization happens or point us to a solution. The box is still pitch black.

Enter this book. You learn how and why frenemization happens; it is an incremental process that creeps into business relationships. Ironically, it does so based on the back of the very tools that we use to build partnerships and make them successful: interpersonal rapport, cooperation, common goals, and trust. The long-term building blocks of relationship success are the means by which the dark side enters. And there are more reasons.

A chief reason is economical and structural: Partnering success increases and imbalances power dynamics, inevitably leading firms to rebalance their relationship in a manner that invariably gives rise to resentment, contempt, and often direct competition between the parties. Another reason is noneconomic and social. Like people, organizations are relational: Firms build trust, seal commitments, break promises, and even cheat on their partners. Yet most of what we teach in MBA programs is economics, quantifiable outcomes, and rent creation. Libraries and bookstores are filled with books that teach operational integration, negotiation, rewards and incentives, partner selection, and techniques for structure and control. But where are the books that talk about organizational relationships? How many managers understand the concept of a relationship lifecycle or, more
importantly, how their business strategies should change across various phases of its development?

Unpacking the black box of relationship management is key to the future of business. In one broad-based study that analyzed the dissolution of relationships between advertising agents and their clients, sociologists Wayne Baker, at the University of Michigan, and Robert Faulkner and Gene Fisher, both at the University of Massachusetts, analyzed the relationships of more than 1,600 ad agencies and their clients over an eight-year period. They wanted to know which contributed more to the dissolution of these critical exchange relationships: market competition, firm power (i.e., the exploitation of it), or the structure of their relationships—they referred to this as “institutional forces,” which includes the use of cooperative work norms, rules of exchange, personal ties, and organizational investments between the partners. Sociologists have long been fascinated with the concepts of power and competitive rivalry, so it was surprising when they found that these two factors were in fact the weakest drivers of death and divorce in client-agency relationships. They had assumed that powerful firms would put relationships at risk, yet they discovered that the firms had found a means of balancing these possibilities such that the risk of dissolution was also lowered. Instead, the chief driver of client-agency dissolution (and more of the relationships dissolved than stayed together) was the institutional forces, or how they were managed. Given that most business school faculty research the science of management, this means that a solution, or a range of solutions, can be identified.

In the pages to come, I draw on qualitative case studies as well as large-scale empirical studies conducted with thousands of partners across many industries. The principles and insights presented here generalize across many types of dyadic arrangements ranging from formal (e.g., joint equity ventures) to informal (collaborative and cooperative), across industry verticals, and specifically to your context. Much of the work targets the dyad that joins together to expand
a mutual pie of benefits. This includes, but is not restricted to, vertical arrangements between buyers and suppliers, or between manufacturers and distribution channels or other service providers. The partners could be nonprofit organizations or a government agency, or any other context in which pairs of organizations or groups work together. This book applies to alliances, joint equity ventures, and systems of firms. It is also relevant to nonprofit partnerships and social business models.

Before I get carried away, it’s worth mentioning what this book is not. This is not a book about coopetition. Coopetition happens between horizontal competitors—rivals. This book could apply to coopetitive relationships but is not solely about these type of arrangements. This book is not about franchise networks or coalitions and groups of firms. Group and team dynamics is a complex ballgame all its own, and I do not make statements about how best to manage them. Instead, the focus is on the partnering dyad, which might exist at the highest levels of an organization or between functional units, such as R&D and marketing or sales and product development.

**A Framework for Frenemization**

I begin with partnering fundamentals. In the first chapter, you are exposed to the basic “physics” of organizational relationships. I explain the breakdown process, and why relationships are more likely to fail than succeed. Chapter 2 focuses on the organizational properties that contribute to frenemization—what partners do to feed the problem. I present evidence that partnerships evolve through a lifecycle pattern and suggest how regression through lifecycle phases creates a negative carryover effect. This casts a long shadow over the relationship and poisons the partners’ joint performance, holding them back. Chapter 3 raises another challenge to making partnerships work: the need for balance. Balance, once upset, contributes to frenemization.
The remedy is for partners to constantly monitor and balance their power and dependence on each other as their market power grows. There is also the challenge of making every organizational partner feel “special” while at the same time minimizing potential jealousies between them. Partners need to share their expanded pie of benefits, and more importantly they need to believe that there is fairness not just in what each partner receives, but in the process by which the pie is shared.

The second part of the book addresses what we do as individuals to contribute to frenemization. Here you learn how the social and emotional behaviors of individual managers can lead to demise. The chapters in this part are about the dark side of relationships and the ways it can enter and contribute to dissolution. In Chapter 4, you learn that rapport, or an emotional connection between partners, can ironically lead them to make irrational economic choices, throw their clients under the bus, and discard their morals. You discover that partners’ toleration of bad behavior and petty opportunism contributes to frenemization. Being nice or a team player results in our allowing more latitude than we should.

In addition to organizational and interpersonal behaviors, there is a venomous mental aspect. Marketers know that managing consumer expectations is key to determining their satisfaction with services and products. But who understands how these expectations impact our partnering efforts? In Chapter 5, I document how managers justify their own bad behaviors and how their morals become “malleable.” You learn how managers legitimize their misbehavior and still feel pretty good about themselves at the end of the day. Finally, I demonstrate how the incoherence of a partner’s actions can set the relationship on a downward spiral. A partner who is too good to be true leaves the relationship worse off. You learn how hard-wired perceptual tendencies can lead us to misjudge business choices and circumstances. All of these factors lead to relationship failure and problems. Once damaged, a partnership becomes difficult to heal and restore.
Business is not just business; memories remain, and the past drags down the present.

In Chapter 6, we tackle the “T word”—trust. There is a great deal of research on trust between organizations and individual managers. Many books have been written on the topic, and I don’t try to reproduce or even abstract them here. Instead, I focus on why trust is not enough; trust alone cannot save the day in partnerships. Trust has undeniable value, but the sustaining of partnership life does not, cannot, and should not hinge on trust alone. Trust is a dynamic currency that takes time to build but is quick to dissolve and cannot be easily restored. Research shows that there is a range of mechanisms to safeguard partnering: contracts, cooperative work norms, specific investments, and more. But you discover that the mix of these mechanisms as well as their deployment over time matters a great deal.

The last section ends on hope. I provide vaccinations against frenemization and remedies for the sick in Chapter 7. I share best practices and discuss the delicate balance of how to say good-bye nicely and move on. You learn that the personal relationship metaphor (partnership as marriage) has probably done managers more harm than good. Marriages are lifetime commitments; partnerships are not. So to liken our partnership to a marriage implies that longevity is an indicator of success.

Instead, performance and payoffs are the real indicators of success. Personal relationship metaphors can be useful in building relationships, but they bias firms and managers to view moving on as equivalent to divorce. And anyone who has been through a divorce understands how horrible and unsettling this can be. Managers need to become as adept at saying good-bye as we are at finding and keeping partners. Chapter 8 lists general practices that can apply at any stage of relationship development. These represent best practices and active prevention that can inoculate your partnership from frenemization at the outset and continue to protect over time. All of these are learned skills. Let the education begin.
Endnotes


3. 2013 Chief Procurement Officer Study, IBM Institute for Business Value.


When the Good Goes Bad

It was a match made in heaven. Google’s software division paired with Samsung’s smartphone group in 2009 and together they became number one in the world, with a global market share of 39.6%. The reasons for their success were many. They had clear-cut competencies, economies of scale, sophisticated executive teams, and outstanding engineers. Just as important, they were adaptable in a fast-moving technology space. Samsung’s stock price grew from $732 in 2009 to $1,243 by 2014, an appreciation of nearly 70%. When Samsung faced Apple’s copycat lawsuit, Google employees testified on Samsung’s behalf. Who could ask for more in a strategic partner?

Partners are an invaluable source of sustainable competitive advantage. In a 2014 survey/study, 85% of the respondents from the Chief Marketing Officer (CMO) Council viewed partnerships and alliances as essential to their business.¹ This is likely because most firms do not possess the full range of capabilities to develop, make, and deliver value to customers, soup to nuts. One firm typically cannot develop a valued product, maintain the best technology, and operate all distribution functions efficiently in house. These capabilities require different organizational processes, resource allocations, and people. In most cases independent businesses working together can be more efficient and effective than a single vertically integrated firm.

An MBA student in my channel strategy class once asked me how her employer, the Boeing Corporation, could use the principles we discussed in class when its entire route to market was vertically integrated. Boeing’s salesforce won contracts, everything was
manufactured in its facilities, and the company did everything else from product delivery to follow-up services. But even vertically integrated companies have the problem of transfer pricing within their own walls. They must develop and manage incentives to coordinate goods, activities, and services across internal units and functions. These subgroups can represent the equivalent of strategic partners within Boeing’s walls.

Partnerships work not only in business but in the nonprofit sector. Examples abound of how partnering plays a key role in improving the standard of living for individuals. The Boys and Girls Club of America is one organization with a long history of developing and leveraging partnering arrangements. In the late 1980s, it embarked on an aggressive growth plan to reach the unserved and underserved American youth, ultimately settling on a partnership with the Department of Housing and Urban Development (HUD). The goal was to establish 100 Boys and Girls Clubs in public housing. The actual result was 350 Clubs, providing a safe place to learn and grow for well over 150,000 young people.²

Another successful partnership is the Southside Worker Center, which was formed with the assistance of the Southside Presbyterian Church in Tucson, Arizona. The goal of the center is to provide a safe place for workers to wait for employment and negotiate a just daily wage with potential employers. Workers pay a nominal fee ($5 a month) to have their capabilities—as an electrician, plumber, painter—matched to potential employers. Records are kept regarding market value wages for various trades. The workers are offered English classes and educated on civil and workers’ rights. They are encouraged to register with the IRS as subcontractors and to pay taxes via an individual taxpayer identification number (ITIN). There is also an apprentice training system in place by which they train each other. Employers receive a worker whose capabilities have been vetted and verified. The church provides a safe and clean place to run the center. In the hostile border climate created by the Arizona Senate Bill 1070,
this partnership helps to create fair and gainful employment for anywhere from 50 to 100 men daily.

Partnerships between nonprofits and businesses can also create great buzz for firms. In recent years, Nationwide Children’s Hospital in Columbus, Ohio, teamed up with Tween Brands, also headquartered in Columbus. Tween Brands is best-known for its Justice and Brothers retail stores. Each spring over two years the organizations ran a campaign in which Tween advertised the opportunity to donate to Children’s via its website and catalog, on register toppers, and on in-store signage. Employees were directed to ask every customer whether they would like to round up their purchase and give the difference to Children’s. Tween stores received great public relations mentions and more importantly raised more than $1 million for Children’s Hospital. This amount was entirely crowd sourced and involved the participation of nearly one million individuals in stores and online. Tween Brands’ efforts served as a role model for future partnerships with Children’s Hospital and with other nonprofit entities.

Procter and Gamble, together with the University of Cincinnati, developed a program called the Live Well Collaborative (http://livewellcollaborative.org/). The intent was to create a partnership model between industry and academia that together would identify breakthrough innovations for customers across their lifespan. A major initiative focuses on the design of products and services to meet the health and mobility needs of an aging population. One example is the redesign of a laundry detergent cap. This resulted in the development of software that models and ages a human hand using mesh wireframes and skin formed over it. Ultimately, together with the university’s engineering department, the initiative created a new cap that requires less hand control than the original—a solution that appeals to arthritis sufferers. To date, the effort has led to 20+ publications, 50 projects, 6 patents, 18 workshops, and 24 conferences involving more than 500 students, 9 colleges, and 15 partners. The partnership model is being duplicated in Singapore with Singapore Polytechnic. More than half (54%) of the older population in the world lives in Asia.
Enter the Frenemy

Such outcomes are the best of circumstances, the Holy Grail of partnering, organizational synergy at its finest. This is not the reality for most partnerships. A more common outcome is what happened to Google and Samsung. By 2013, their story arc took a nose dive. Google worried that Samsung had become too big and thus able to renegotiate at an advantage. The relationship took a complicated twist. In 2012, Motorola poached Samsung’s VP of strategic marketing, responsible for the company’s celebrated television ads for the Galaxy phone. Then Google acquired Motorola’s Mobility group and began work on an XPhone to compete with Apple’s iPhone and Samsung’s Galaxy. In response, Samsung began to develop devices with Microsoft and its Windows platform. Together they came up with Tizen, an operating system codeveloped with Intel.

The once great friendship between Google and Samsung became a competitive liaison in which both firms produced products that were in direct competition with each other. Google and Samsung became frenemies. A frenemy, again, is a person or group that is friendly toward another because the relationship brings benefits, but harbors feelings of resentment or rivalry. This typically stems from the opportunism and exploitation that arise over the course of the relationship. Frenemization typically runs one of two courses: Either the partners persist with clear resentment and rivalry between them or they dissolve after a messy divorce, their antics described in the media with phrases like “the alliance from hell.” There is likely to be no shortage of name-calling, accusations, recriminations, and high-profile lawyers. Frenemization can lead to millions in legal fees, lost sales, tarnished images, and major brand equity losses.

My favorite example involves Calvin Klein and the Warnaco Corporation. Remember “Nothing gets between me and my Calvins”? The quote made Brooke Shields famous, and together the firms grew Calvin Klein’s underwear sales sixfold through enhanced distribution
and wider assortments over a five-year period. Both parties benefited in the multimillions. The relationship was deeply embedded; Calvin Klein represented 27% of Warnaco’s $3.2 billion in annual sales. It was a beautiful thing until, to Warnaco’s surprise, Calvin Klein filed suit, citing brand damage from overproduction and distribution through low-end channels such as club stores, unauthorized adaptation of designs, and a failure to follow branding guidelines. Warnaco struck back with a countersuit accusing Calvin Klein of bad-faith dealing and trade libel. The conflict grew horribly messy and dragged on in the press for more than half a year.

On the day of trial, the parties came to a last-minute settlement. They kissed for the cameras and smiled; then went back to business as usual. Warnaco was still allowed to sell to warehouse clubs, although at lower levels than before. It was even allowed to sell to JCPenney, a retailer that Calvin Klein feared would dilute the brand. In return, Calvin Klein was given more stringent stipulations regarding the approval, design, and distribution of its products as well as additional auditing provisions. In short, both parties resigned themselves to living with and working with each other, despite the bitterness of their conflicts. Phillips-Van Heusen bought Calvin Klein in 2002 and in 2012 bought Warnaco as well, so the final chapter of their story is that they were joined together through vertical integration.

Why Do Partnerships Frenemize?

While conflict and direct competition may seem inevitable, it doesn’t mean that partnerships are fated to fail and dissolve. More do than don’t (and there are probably many existing partnerships that should), but when your partnership hits this road bump—and it will—the solution requires understanding how frenemization happens. Unless you understand what is at work, you cannot know how to begin solving the problem.
The 2014 CMO Council study concluded that the reason why alliance and partnerships so often fail has nothing to do with the ability to identify, qualify, or secure partner introductions (i.e., the quantitative business case). In fact, more than half the respondents indicated that their firm was very good at identifying and beginning partnerships. The problem is what to do once the ship has sailed: Only 33% of the respondents indicated a formal strategy for how they would work together. Put differently, the obstacle to making partnerships work is the working of the relationship itself.

The obstacle to making partnerships work is the working of the relationship itself.

How Relationships Could Have Changed the Path of the iPhone

Does how a firm manages relationships really affect the range of strategic options available to us? Of course it does. Consider the case of Apple, a firm that historically has not understood organizational relationships or how best to leverage them. In 2011, Apple reported $29.4 billion in profits. This number is astounding; however, the more I learn about Apple’s relationships with its strategic suppliers, the more I have to ask, why not more? Apple could have sold more if it had made enough product to meet demand. I don’t believe Apple would try to stage a “scarcity” of new products; this is always risky. While it can create positive buzz and increase demand momentum in the short-term, the larger risk is that consumers get angry when they line up to buy a product that’s unavailable. In fact, this was Apple’s fate in China in 2012, where an Apple store had to close because of fights outside its doors among customers who could not buy the new products. Why didn’t Apple have its suppliers make enough product to meet the high demand? It’s not because Apple hadn’t anticipated
consumer response. Although Apple bills itself as a design firm, it conducts extensive research on how consumers might use and respond to its products. Apple clearly anticipated high demand, but Apple couldn’t deliver.

If we turn back the pages of Apple’s history to 2011, $3.9 billion was spent among a handful of key suppliers for strategic items such as solid state drives for the MacBook Air, chip systems, and high-resolution LCDs for the iPhone 4 and iPad. As a design and marketing firm, Apple must rely on manufacturing partners to produce its products. And while Apple might have desired that these relationships be purely transactional, or economic based, most high stakes relationships with repeated exchange over time benefit from the development of trust, implicit understandings, and information sharing. Few if any partners at that time would use those words to describe their relationship with Apple.

Since 2005, Apple has accounted for more than 40% of Foxconn’s flash outputs volume (representing more than $1 billion in purchases) for the iPod. These firms are absolutely critical to Apple’s success, and yet this partnership could not supply the quantities Apple needed to meet or come close to satisfying market demand in 2011. Apple’s reputation at the time was summed up in the phrase “Apple-centric.” Steve Jobs was known as a formidable difficult negotiator with partnering firms (recall his attempts to price-collude with book publishers). Apple would have made more money had it better managed relationships with these strategic suppliers, earned their trust and support, and got them to flexibly supply or respond to rapid changes in demand with the highest priority.

If Apple had been willing to be nonexclusive in its route to market for the iPhone, Samsung might not have pursued the inroads it later made with Google. By 2011, Samsung was tied with Apple in US market share and number one worldwide. Samsung’s approach to global domination rested on the use of simultaneous retail partnerships to rapidly extend its market reach. In other words, Samsung met the
market volume demands and accomplished this with the help of its partners.

So the answer to the question regarding whether a firm’s relationship management practices can affect its range of strategic options is a resounding YES. Apple failed to dominate worldwide market share because of its inability to collaborate and partner with non-Apple organizations. The good news is that Apple did not stay there. Its subsequent Siri and Retina display innovations were the result of partnering efforts engaged in with startups and other companies. But the takeaway is that many firms are better at partnering with others, and they reap the benefits of greater success: Cisco, Corning, Eli Lilly, IBM, Pfizer, and Procter and Gamble, to name a few. The good news is that it is possible to identify relationship management practices that lead some to better results than others, and managers can be educated to discern the difference.

**Partnering in the Cloud Era**

It’s worth contrasting Apple’s approach to what is happening now in the high-tech industry. This is one vertical where partnerships are constantly coming together, being built, rebuilt, and dissolved. In this industry, it is vitally important to partner with others in order to quickly create customer value and maintain pace. Consider Microsoft Office 365, which needs to catch up to market leader Amazon.com Inc.’s Web Services. Microsoft must develop a network or ecosystem of partnerships to assist. Office 365 is positioned as helping CIOs move to the cloud on their terms. Provisioning cloud services is not a historic strength of Microsoft but represents a necessary move for growing revenue in the future.

The biggest impediment to cloud service adoption is the simple fact that every customer firm has unique technical, cultural, and
process concerns. Many firms rely on highly customized applications in SharePoint or have built their competencies on proprietary software such as salesforce.com or Azure. The transformation is not a trivial task. In fact, many of the central cloud providers—Amazon, Google, and Microsoft—are not 100% on the cloud themselves. They still use proprietary software on local servers. Becoming completely cloud-enabled is something few firms can actually do. However, that does not stop them from driving others to their cloud platforms.

Microsoft needs partners that can help them close the adoption gaps. A good partner is one that can help clients determine what aspects are beneficial in a cloud versus an on-premise deployment. They can also span a client’s work culture and enable Microsoft’s cloud computing solution in a way that aligns with a client’s goal-setting, work flow, and process assessment activities. Microsoft needs partners that can tailor Office 365 to work with mobile applications and device management, monitor identity access and management, evaluate user experiences, and configure a wide range of services to get organizational customers on board.

Microsoft’s partnership portfolio includes global systems integrator partners such as CSC and Unisys to help Microsoft target large government agencies and global workforces and to manage complicated technology implementations. National and regional partners with deep Microsoft expertise assist customers who want to use Office 365 together with other Microsoft on-premises and cloud services for an end-to-end solution. And service partners are needed to bundle Office 365 with other value-added services, such as those offered by AT&T and Vodafone. These services include but are not limited to technical support, enterprise voice services hosted on the Web, and device management. To this end, Microsoft has partnered with Rack-space, a firm known for top tier technology support and service.
Partner Ecosystems for Apps

Virtually every major high-tech player requires a partnering network or ecosystem to move forward competitively. As CIOs must manage this move, a powerful partnering network is critical to using and deploying the cloud- and app-based solutions. Customers like Costco, Sealed Air, and the Roche Group must move their complicated on-premise collaboration infrastructures to a cloud-based system supported by apps. Like Microsoft, Google also segments its apps partners into four groups according to customer size: premier enterprise resellers, authorized premier resellers, small and medium size business resellers, and authorized SMB resellers.

One thing that Google does differently is to certify its partners for specialized deployment offerings. Google’s by-invitation partner program called the Google Cloud Transformation Partner Program identifies partners to build cloud apps, predictive analytic tools, and storage solutions that are customized to and optimize Google’s technology capabilities. These partners ultimately own the client relationship, which makes the partners, many of whom are small and have considerably less market power, indispensable to Google’s market strategy.

We Are Hard-Wired for Relationships

Scientists have known for decades that we are relational beings. Humans are hard-wired to be social, to interact with each other. The social brain hypothesis explains why the brains of humans are larger than those of other primates and animals. Individuals who live in groups face greater cognitive demands than those who live alone. They must coordinate their behavior with others and defuse the direct and indirect conflicts generated by foraging, for example, in the same space. The cultural intelligence hypothesis makes the case that humans as young as 2 1/2 years old have more sophisticated cognitive skills for dealing with a social world than apes and other primates.
Humans are not just social, they are ultra-social—they have the capability to create differing cultural groups, each with a distinct set of artifacts, symbols, social practices, and institutions. For children to learn how to function effectively in this world, they must learn to use these tools and participate in the practices of the groups within which they reside.

Given a hard-wired propensity for developing, managing, and maintaining relationships, why is our understanding and teaching of business principles generally devoid of relational and social aspects? Organizations are inescapably relational, because they are composed of humans who are wired that way. Yet in business schools we study the rational and narrowly self-interested human, homo economicus. Organizations, though, do not express solely rational and self-interested tendencies. There is a good deal of emotional language in business. Managers may describe a partner as arrogant, or trusting, or disloyal. It is common for them to speak of organizational customers and suppliers as rogues or thieves, or of an exchange between the partners as a hookup or an ugly divorce. Researchers have been studying the relational tendencies of firms for decades.

The key is to know which element—emotional or rational—might dominate the partnership at any point in time. Education can make this clearer. If children can be taught to successfully coordinate and to thrive in group settings, then professional managers can be taught how to use their relational skills to improve organizational performance.

Importantly, all the individual interpersonal behavior of humans does not necessarily transfer to a partnering context. This is why we behavioral theorists spend our lifetimes attempting to separate the
social and relational effects from the cold and rational calculations of a firm. Our goal is to identify the circumstances under which emotional versus rational aspects are synergistic, or complementary. Can they be harnessed to make both firms better off? Yes. But it is wrong to assume that this will occur simply because it has been demonstrated with individuals or groups in other contexts.\(^5\)

Sociologists have made great strides in getting managers to think about how social and personal relationships, or non-economic activity, plays into the business of business. More than 30 years ago, Stanford sociologist Marc Granovetter’s seminal work on “social embeddedness” formed the basis for much of the literature on network theory and ideas broadly known as “the strength of weak ties.” This concept explains how socially weak relationships, such as those formed through acquaintances or friends of friends, can lead to novel and unexpected opportunities better than any that might arise from relationships with stronger ties.

For example, a manager might learn about an interesting job from a school alum whom she had run into by chance at a reunion but had never been particularly close to. Granovetter concluded that it is vitally important that we understand such non-economic or social activity in firms because “it affects the costs and available techniques for economic activity” (1985). Put differently, this means that economic opportunities often come about or are afforded through the social interactions of managers. If this is the case, the implication for partnering is that if we are able to manage or at least understand the relational behaviors between partners, we can improve the firms’ revenue performance and its cost of management.

Strategic exchange decisions and partnering are carried out between humans, not machines, so they cannot be purely transactional. They’re tangled up with long-term relational investments, learnings, social norms, past histories, and both implicit and explicit understandings. Each strand plays an important, sometimes untraceable role in determining the overall success of a joint effort. Yet
many firms make the mistake of creating business partnerships with only transactional and economic aspects—forgetting that relationship dynamics and other social factors are what pull the strands together and give the partnership a useful shape. We must learn to manage the economic and non-economic factors together, because their value is jointly created; they are interdependent, complementary, yin and yang. The economics of partnering are well-known and there are numerous books on partner selection, control, incentives, and consequences. The non-economic side of the house requires the same kind of scrupulous attention.

Partnering Relationships—Jekyll and Hyde?

Partnering holds great promise; managers dream of developing partnerships that quickly and flexibly respond to change and opportunities in real time. But partnerships have a lot of hidden costs, too, and inherent tradeoffs that must be strategically managed. The biggest of these? The relationship efforts that you put in place to make your partnership successful are often the very factors that cause it to dissolve.

Let me give you an example that I find particularly fascinating from outside the context of interorganizational partnering. In service industries, there is a widespread trend known as “service sweethearting,” which is most familiar to the millennial generation. It occurs
when a front line service employee gives free or discounted goods and services, unauthorized, to customer conspirators. A cashier might slide products around a bar code scanner to create the false impression that her friend is paying for the item. Repair service employees might conduct repairs without recording the billing, or wait staff illicitly provide complimentary drinks and food. Companies like IBM and Stoplift have developed detection algorithms to identify sweethearting behavior in surveillance videos, as this behavior costs firms billions of dollars. In the retail sector, sweethearting can account for as much as 35% of annual profit losses.

These losses are entirely due to the strong customer-employee relationships that the firm rewards and encourages its employees to build. Customer satisfaction is often achieved through building interpersonal rapport, attentiveness, and responsiveness, and this is the goal of many customer strategies. Sam Fox, CEO and founder of Fox Restaurant Concepts, is the owner of leading healthy fast casual restaurant formats such as True Food and Flower Child. They instruct their employees that hospitality rules the service encounter. Their mantra on customer management is “Yes is the answer. Now what is the question?”

The stronger the customer-employee relationship, the more likely that a service rep will “give away the store.” This behavior benefits the customer and employee because on another occasion, the customer in one store may become the service provider in another. For example, a bartender gives his friends free drinks and food (they pay for some of it, but not all). One of his friends owns a dry cleaning business, so his firm washes and irons the bartender’s shirts for free. Another friend manages a rental car company, so she provides the bartender with complimentary rentals whenever the bartender travels. Thus, customers and employees win and companies lose out. The one thing the companies get is heightened satisfaction scores—all these friends happily give their service provider top ratings. The dilemma for the
firm is that if all its top service performers display exactly the same metric—high sales and satisfaction scores—which one is bleeding the money? Surprisingly, it is usually the best service reps. These individuals have a high need for social approval, are risk-seekers, and are capable of developing relationships that customers value.

Another interesting twist on sweetheating is that when confronted with this behavior, many employees say that they had no idea sweetheating was wrong. They might even tell you that their supervisors authorized the behavior. This suggests that the behavior may be implicitly embedded in the company culture and thus viewed as normal. Firms cannot easily weed out these employees or avoid hiring them, because the best service reps are precisely the individuals most likely to engage in sweetheating.

**Breakups Are Not Just Courtships in Reverse**

My first faculty position was at MIT’s Sloan School of Management. Coming from an Asian family of engineers, MIT was a hallowed institution. I like to joke that I was never smart enough to be admitted to MIT, so I became a faculty member instead! Many companies who sponsored faculty research through the school’s various research centers were particularly interested in how to achieve partnering success. I remember proposing to companies that research was needed to understand relationship failures because dissolving or breaking down a business relationship is not simply the reverse process of building one up. It takes two to build a partnership, which is a highly visible and celebratory endeavor. Firms love to announce the formation of a new partnership and much ado is made. But it only takes one partner, in quiet resentment or regular opportunism, to poison a relationship
and kill it over time. It takes two to marry, but only one to file for divorce. Failure is not just the reverse of success. Successful partnering is a constantly moving target, and there are many ways to fail.

To understand how partnerships dissolve, then, is a fundamentally different thing from understanding how to build one. In my view, this is exactly why it should be studied more. The firms I pitched would only sponsor research on building successful collaboration. So I did that, but I never stopped looking for answers about organizational dissolution. My survey instruments measured factors for success, but they also explored actions and attitudes that could facilitate dissolution. The next several chapters share some of my key findings from this research. The great privilege of academic freedom is that faculty are not restricted to studying what the marketplace deems important (though it may be more financially rewarding to do so). MIT and Emory University gave me the time and resources to pursue these questions. Let’s take a look at some of the answers.

Endnotes


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