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Inside Pandora's Box - Partnering: A Powerful "What to Do" Management Tool or Just Another Fad?

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Part 1

"Certainty is out; experiment is in. The future then belongs, said George Bernard Shaw, to the unreasonable ones, the ones who look forward not backward, who are certain only of uncertainty and who have the ability and the confidence to think completely differently."

- Charles Handy

Aim of Part 1

The aim of this section of my paper is to explain why I think we must move from arm’s length relationships that involve giving one thing in return for another (like the refrain, “I’ll give you better pricing if you give me more business” or visa versa) to strong and close relationships that involve collaboration (working together to add value to existing services and to create new services). Further thoughts on why we must build broad and deep supplier-customer relationships will also appear in other sections.

Libraries have certainly been cooperating with one another for several decades, driven by Kate Nevin, Executive Director of SOLLNET, calls “common cause.” These consortia arrangements, such as ILL, union catalogs, etc., have produced efficiencies and cost savings. And a few companies along our supply chain have recently begun to work together. Example: YBP is selling CIP upgrades and Tables of Content to OCLC and WLN; it is buying original cataloging from WLN and outsourcing TOC data reformating to PALTNET. These cooperative agreements have produced new revenue streams for all parties.

These goals are not as disparate as they appear at first blush. Both have the duty to be fiscally responsible. Companies that want to survive must be concerned with constantly achieving superior profitability. Libraries that want to survive must continually negotiate best price. Each organization along our supply chain exists to bring value to the ultimate user, and this shared objective outweighs real or assumed differences that partnering parties would have us believe makes us incompatible.

By focusing on supposed differences, however, we blind ourselves to similarities. We share a place in an ever-changing world that is daily becoming more complex and less certain. We share an interest in making the delivery of information more efficient and in making the information itself more useful. And we have been handed the same set of survival rules — rules that require that we 1) understand how our organization fits into this ever changing world; 2) be willing to change the organization’s services portfolio; 3) gain efficiencies and improve quality; 4) organize for learning and entrepreneurship.

There was a time when our environments were less complex and less dynamic. A time when we thought that being self-reliant was the key to success. A time when “thinking together” was not as critical as it is today. The specific missions of publishers, libraries, book and periodical vendors, bibliographic utilities, and system providers were clear, consistent, and focused — or so my mind tells me when I think back to 1964, the year I went to work at Prentice Hall, and to 1971 when I founded Yankee Book Peddler, Inc. Quality education was a national goal. The publishing industry was comprised of dozens of robust, independent firms who valued their people, their authors, and the works the enterprise produced. Library budgets were outpacing inflation. Commercial companies and nonprofit organizations along our supply chain were clustered into distinct service areas that recognized competitive boundaries.

Above all, there was a sense of confidence in the workplace. We knew where we stood organizationally and — for that matter individually, where we were heading, and how we intended to get there.

Relationships along the entire chain were cordial, orderly, and at arm’s length. Not surprising, as environments that are simple and not changing rapidly promote a sense of well-being. We tend to go about our work as if everything lasts forever. Company leaders be...
Partnering
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increasing user numbers. In benign environments there is little incentive to think about forging cooperative arrangements up and down the chain.

I am not sure when our work environments began to change from benign to dynamic. Sometime in the mid-1980s, I think. Quality education lost its action imperative and became just a word. Independent publishers began to be "conglommed" by media giants. The great monograph squeeze-out intensified as periodicals prices shot into the stratosphere. Competitive boundaries along the supply chain began to disappear, and new kinds of competitors entered the marketplace.

The past ten years have changed many of our views on how we should run our organizations in order to keep them healthy. However, many (most) organizations have spent little time rethinking supplier-customer relationships. These remain mostly arm's length.

Why do we need to move quickly to strengthen relationships? The primary reason can be summed up in one word: COMPETITION.

This past March, I delivered a paper titled "Get the Rhetoric of Revolutionary Change Out of Digitization" at a conference presented by the University of Oklahoma Libraries and the University of Oklahoma Foundation. I began the paper by reading Henry Wadsworth Longfellow's "Paul Revere's Ride."

"He said to his friend, 'If the British march
By land or sea from the town to-night,
Hang a lantern aloft in the belfry arch
Of the North Church tower as a signal light,—
One if by land, and two if by sea;
And I on the opposite shore will be,
Ready to ride and spread the alarm
Through every Middlesex village and farm,
For the country folk to be up and to arm.'"

When I finished this reading, I said, "It's happening right before our eyes, Bill Gates is marching into town — and he is not alone."

MCI and Britain's BT have forged an alliance called Concert in order to compete with AT&T's Unisource, an alliance for control of the telecoms world. Boeing, the giant aircraft maker, has announced that it will invest $100 million in cellular pioneer Craig McCaw's Teledesic, which plans on launching several hundred satellites in 2001. This Internet-in-the-sky would deliver information to every corner of the globe with the speed and capacity of fiber-optic cable by the year 2010. (Bill Gates, Microsoft's boss, has already invested in Teledesic.)

Information and communication (Infocom) companies are moving with great speed as each attempts to identify opportunities that will enable them to add more value to their products and services than their rivals. Most of these companies view libraries as rivals. These companies create, assemble, archive, move, and manipulate information. Those focused on remaining viable are building alliances in order to pursue opportunities made possible by technological advances.

Libraries help individuals to access information by bundling, customizing, and archiving it. In order to remain responsive to their constituents' evolving needs, they need to explore strategic alternatives made possible by technological advances. Many of the organizations that supply products and services to libraries are, by nature, entrepreneurial. They have learned to cope with the froth of the present by redefining their mission, by developing new competencies, and by rethinking practices. Libraries that view their key suppliers as valuable resources will, I believe, move quickly to understand the new realities of this turbulent environment and be able to identify and explore opportunities.

It's time, I think, to "hang a lantern aloft in the belfry arch" for we can no longer ignore the fact that our niche is under siege and that our future is less secure today than it was yesterday. Technological advances have enabled media companies, publishers, computer companies, software firms, telephone companies, and firms in the broadcasting industry to market directly to the end user.1

Most of us no longer believe that becoming self-reliant is the key to success. Yet, while discussion up and down the supply chain has increased, surprisingly few — if one considers how much things have changed over the past ten years, including the competitive landscape — have evolved into thinking about what we can do together in order to remain successful.

Part 2

"[Are we] prisoners of the system, or prisoners of our own thinking?" — Peter M. Senge

Purpose of Part 2.

Partnering has become the buzzword in most organizations along our supply chain. Buzzwords, as you all know, come and go. I hope this is not the case with partnering. It may be, however, if leaders fail to provide leadership. Leaders need to look hard at the competitive landscape. They need to determine what they are going to do to strengthen their organization's competitive position.

In this section and the next, I try to make the case that partnering is a powerful "what to do" management technique that can help organizations build a competitive advantage. Unlike benchmarking, downsizing, restructuring and all the other "how to do" management tools that require only that leaders follow their consultant's transformation manual, partnering requires that leaders make "what to do" decisions.

While partnering is the buzzword in libraries and in organizations that develop, produce, and deliver the products and services they buy, it is not always a popular word. Unfortunately, partnering and outsourcing are being used interchangeably.

"In benign environments there is little incentive to think about forging cooperative arrangements up and down the chain."

Partnership is strategy. Outsourcing is a tool to improve operational effectiveness (OE). Interestingly, most of the collaborative opportunities already visible on the horizon have nothing to do with OE. Some exist within less popular library-to-library initia-
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In this section, I offer strategy as an alternative to today’s management rhetoric.

Over the past several years, I have watched dozens of organizations adopt high-profile change initiatives. These efforts have flown many banners: total quality management, reengineering, benchmarking, outsourcing. Each is touted as “the management technique that will improve operational effectiveness.”

If you have flown one or more of these banners, ask yourself: How successful have those efforts been in producing useful change? If I were to pause and tally your marks, they would, I sense, be similar to company transformation results. John Kotter, Professor of Leadership at the Harvard Business School, studied the remaining efforts of more than 100 companies and concluded: “A few of these corporate change efforts have been very successful. A few have been utter failures. Most fall somewhere in between, with a distinct tilt toward the lower end of the scale.”

What, then, do we need to do to get ready to compete? We need to get off the “advice for sale” treadmill and start thinking for ourselves. Most organizations have spent the past decade trying to become more efficient. Michael Porter, Professor of Business Administration at the Harvard Business School, says, “Bit by bit, almost imperceptibly, management tools have taken the place of strategy. As managers push to improve on all fronts, they move farther away from viable competitive positions.”

We need to begin to think about strategy as we continue to think about operational effectiveness. Porter defines operational effectiveness as “performing similar activities better than rivals perform them; strategic positioning,” he says, “means performing different activities from rivals or performing similar activities in different ways.” Strategy is, I believe, key to suppliers and libraries finding place.

Finally, we need to untangle ourselves from the rhetoric of revolutionary change and begin to pursue opportunities with as much passion as we pursued efficiencies.

I believe that supplier–customer relationships, not consultants’ “how to” handbooks, offer us the best chance for long-term success. The skills and knowledge that we can bring to partnerships will produce efficiencies and create advantage building agendas. Moreover, we will see opportunities that singly we might not see.

This is how I see our value circle. In the middle are libraries. Around the edges are organizations that develop, produce, and deliver the products and services that libraries buy: publishers; book and periodical vendors; bibliographic utilities; system providers; etc. The library is closest to its customers and sees the services being used. It also has a sense of evolving customer expectations. The organizations around the edges are closer to the horizon and clearly see innovative ways to deliver information. And while we will always, I think, be more independent than interdependent, we must learn to collaborate.

Improving operational effectiveness through activities such as outsourcing processes is a necessary management focus. Operational effectiveness, however, is not strategy. Alone it will not keep a company healthy. Around the corner is a rival working to harness information and communication technologies in order to deliver greater value to the end user at the same or lower cost.

The role of leadership is to integrate operational improvements continued on page 73
Partnering with strategy. The leader must know who his/her rivals are, where they are today, and have an idea where they are heading. This will require that leaders and their followers start to think strategically.

Throughout the organization, people should be asking questions such as, what business are we in? Why do we exist? What are the skills we need to compete? What competencies do we need to strengthen? What new competencies do we need to develop? What assumptions do we need to suspend? How will we maintain the organization’s distinctiveness once we build it? These questions, and more, must be asked if the organization is to remain vital. We can, if we choose, ask questions such as these in a vacuum. How much better it would be, I believe, to think and question and integrate activities together. How much better to come to circle and begin to pursue opportunities together. The Infocom companies that are preparing to compete with us are already forging cooperative arrangements.

Part 4

“Better for most of us, despite the risks, to leap into the future. And to do so sooner rather than later.” – John P. Kotter

Aim of this last section.

Not all alliances will be successful. My aim here is to offer six criteria that the leaders of a library and the leaders of a commercial company must carefully consider before shaking hands and, in some cases, also signing a contract. These criteria are also appropriate for company-to-company due diligence.

1. Financial stability. The library must review the potential partner’s audited financial statements. The most recent statement, as well as the previous two years’ financials should be requested.

The review should focus on: a) earnings before interest and taxes (provides a picture of cashflow); b) net operating income; c) working capital defined as current assets minus current liabilities (provides a picture of liquidity); and d) leverage: debt to equity.

The vendor must also be confident in the library’s ability to maintain a relatively stable budget. Almost always, cooperative arrangements with libraries will necessitate that the vendor make investments in both the development of customized technologies and in the hiring of people with new skills. The vendor should also feel comfortable that the library will develop complementary technologies.

2. Commitment. The potential partners must be willing to commit senior managers to the effort over the long-term and to participate on joint teams. Librarians should also focus on the breadth and depth of the potential vendors’ management. What are their backgrounds? Do they understand how libraries work?

3. Compatibility. The potential partners must understand one another’s vision and strategies for achieving that vision. Visions and strategies must be broadly compatible.

4. Communication. Each must be confident that communication will be continuous and that it will be frank and honest. Knowledge of glitches and major problems must be shared.

5. Teaching-learning connection (TLC). Each must be willing to teach and learn.

6. Integrity. Each potential partner must believe that the other will always behave in honorable ways. More importantly, each partner must actually behave in honorable ways.

Leadership is good work. It is also hard work, especially in a turbulent environment. Library and vendor leaders have to make collaboration a shared objective. This is how we will come to cope with the way things are.

Acknowledgments

I have learned much about our changing world and about strategy from the writings of Charles Handy, Gary Hamel, C.K. Prahalad, John P. Kotter, and Michael E. Porter.

Notes


3. Chakravarty, p. 70.


7. Ibid., p. 62.

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