

Ten Habits for Councils Who Want Effective Partnerships

To realise the potential benefits of Public / Private Partnerships, Councils must recognise the Partnership as a working relationship between two groups of people from two different cultures. Adopting these Ten Habits will help keep the Partnership on track to success.

By Ron Wiens and Tamasin Davies

AT A GLANCE:

- ◆ Retained “Heads of Service” must understand how their roles have changed under the new partnership structure.
- ◆ It’s in the council’s interest to make a friend of its partner.
- ◆ Ten Habits represent the strategies and behaviours required to build and maintain the trust and working relationships that keep a partnership on track, delivering results.

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INTRODUCTION

In bringing the public and private sectors together, the government hopes that the management skills and financial acumen of the business community will create increased value for taxpayers.

Governments and local authorities have always paid private contractors to build roads, schools, prisons and hospitals out of tax money. In 1992, the Conservatives hit on a way of getting the contractors to foot the bill. Under PFI (Private Finance Initiative), contractors paid for the construction costs and then rented the finished project back to the public sector, allowing the government to obtain new facilities without raising taxes.

In recent years, as an extension of the PFI concept, councils have entered into partnerships with large commercial providers to whom they have outsourced specific business functions – the most common being IT, HR and Finance. These arrangements are often referred to as public/private partnerships (PPP). The investment in public private partnerships is significant and growing. In 2005/2006, the UK public sector expenditure on outsourcing was £49bn and was forecasted to grow 30% by 2009*.

Councils enter into partnerships to reduce costs and improve services by making use of their partner's specific expertise. However, the jury is still out as to the long-term benefits of the PPP approach. There are well documented cases, e.g. Liverpool City, where the innovation introduced by the public private partnership has provided significant return to the council. On the other hand, there have been well documented cases in which the public private partnerships have fallen seriously short of the councils' initial objectives, turning out to be painful and expensive lessons in what not to do. Success in realising the benefits of a PPP is not guaranteed – so what is the secret of success?

A PPP, sometimes referred to as a 'joint venture', is a partnership involving a shared management structure, with both sides sharing the

*UK Public Sector Outsourcing – The Big Picture to 2008-09 – KableDIRECT

risks and benefits. It requires councils to manage a complex situation, namely a commercial relationship that is also a partnership. While councils have been contracting for services for many years, managing and participating in a commercial partnership is something new.

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Success in realising the benefits of PPP first requires councils to appreciate that they:

- ◆ are a significant participant in the strategic management and leadership of the PPP, *and*
- ◆ will need to undertake their own challenging transformation in order to institutionalise a new set of management and leadership behaviours.

This paper presents ‘Ten Habits’ (management/ leadership behaviours) that will help a council manage its partnerships with the private sector towards success.

HABIT ONE—GET THE JOB TITLE RIGHT

How can anything as trivial as a job title be critical to the success of a partnership? Job titles are important because they:

- ◆ provide the initial focus for the person filling the position, *and*
- ◆ communicate the nature of the job to others.

When a service is outsourced, the council often retains the incumbent ‘Head of Service’ to ensure that the services provided by the partner meet the council’s needs. When this happens, the role of these ‘retained heads’ changes radically.

Traditional ‘heads of service’ have tended to be ‘hands on’ and focussed on the near term. Their success and sense of job satisfaction has often come from being the ‘go to’ person for service issues, requests and/or service changes. In a partnership with the private sector, the ‘retained head’ (i.e. the council person retained by the council to manage the partnership) is responsible for the long-term success and effectiveness of the partnership. Specifically, this individual is responsible for:

- ◆ ensuring that services provided by the partner are meeting the council’s needs;
- ◆ ensuring that the partner understands the council’s business strategy;
- ◆ working with the partner to develop a strategy that is aligned with and supports the council’s business strategy; and

- ♦ facilitating communication and relationships between the partner and the various council departments, so that the partner understands the council's needs and the council recognises that the 'go-to' place for the service is now the partner.

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Senior managers with the above responsibilities benefit from having job titles that reflect their new key function, namely, **partnership management**.

If the council staff responsible for partnership management retain their traditional service titles, for example, "Chief Information Officer" or "Head of HR", there is a danger that they will continue to see themselves as traditional 'heads of service'. If this happens, they will tend to become gate keepers in terms of restricting partner access to council management because they see themselves as owning this interface. This gate-keeping isolates the partner from its council clients which in turn marginalises the partner and reduces commitment to council success.

In addition, where the 'retained heads' still sees themselves as a 'Heads of Service' they may start to replicate around them what has already been outsourced in order to deal with service issues – this means they start to build up their own team of people to support them in service delivery. The focus of the 'retained head' moves from building a partnership that delivers a successful service to personal responsibility for service delivery. The retained head no longer has skin in the game in terms of partnership success with the result that service expansion back in the council becomes a self-fulfilling prophecy. The partnership performs worse due to lack of adequate management. This deteriorating performance then makes the case for employing more staff on the council side to directly serve that 'retained head' in providing services.

When this happens, no one is

- ♦ championing the partnership in the council, or
- ♦ facilitating the compromises and decisions required for its success.

The right job title helps the person filling it to focus on the right things. So, the question is: "What is the right job title?"

The job title needs to convey a sense of 'Head of Partnership Success'!

HABIT TWO—RECRUIT THE RIGHT PEOPLE

The council's 'head of partnership' must own and be held accountable for partnership success. The head's role is to extract maximum value out of the partnership for the council. The role is not about personally fixing service delivery problems; it's about ensuring a well functioning partnership that is able to address such problems.

To fulfil this role, 'Heads of Partnership' require different skills from those of traditional heads of service. Council 'Heads of Partnership' need to:

- ◆ believe in the power of partnership and be relentless in building this belief in others;
- ◆ see the success of the partnership as their sole reason for being;
- ◆ be both an advocate and a voice for the partnership within the council—championing the council's needs with the partner, but also challenging the council when its behaviour is not conducive to successful partnering;
- ◆ are able to hold both a short and long term perspective:
 - ❖ short term—are frank talkers who are able to provide the partner with the feedback that helps them understand their current performance in terms of what's working and what is not
 - ❖ long term—are strategic thinkers who are at their partner's planning table, helping to ensure that outsourced services continue to evolve with council's changing needs
- ◆ are able to lead without getting in the way - see themselves as facilitators for building independent and trusting relationships between council and its partner.

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The council 'Head of Partnership' is a strong leader who is able to take two groups (the council and the commercial firm) with different cultures and get them to work together as one. She or he is able to do this by leading from the sidelines and letting others take credit. The person that fills this role personifies leadership - a special person indeed!

Performance rewards for the council 'Head of Partnership' need to be geared to moving the behaviours from owning the service to owning the partnership.

A successful incumbent must see him or herself not as a HR, IT or Finance hero but rather as a 'Partnership Hero'!

HABIT THREE—KEEP THE CONTRACT IN THE DRAWER

The contract is a facilitator – it is not a guarantee of success. A poorly laid out contract will damage the working of the partnership, but a contract that contains everything a council needs will not guarantee success.

Councils benefit from thinking about how they want a partnership to operate before the contract is written and signed. What behaviours does

the council expect its partner to exhibit? What space does the council see itself occupying in the partnership? If time is devoted to these considerations at an early stage, partners with conflicting values can self-select themselves out of the bidding.

SLAs are crucial but in a 10 year partnership it is difficult to predict what they need to be in 5 or 10 years time. Councils have found themselves tied to SLAs that support:

- *low standards of service due to the rigid and specific nature of the requirements as stated in the original contract*
- *agreements that are loose and woolly, leaving the council unable to enforce performance standards.*

SLAs need to reflect the industry norms at the time of contract signing; however these norms change over time. It is in the council's interest to articulate SLAs in such a way that allows for their ongoing adjustment so that they stay aligned with evolving industry norms. One approach is requiring the SLAs to be adjusted annually to occupy the upper performance quartile for the industry, as defined by a 3rd party.

A good contract needs to make the expectations of both parties clear. It needs to define the relationship, the governance, what defines success for both the council and its partner, costs, quality measures and the shared responsibilities/activities between the council and its partner.

However, over-reliance on a contract, which is finalised in advance of knowing what the future might hold, often stands in the way of the partnership functioning as both parties intended. The signing of the contract is an important event for both the council and its partner, but it is only the beginning of the council's involvement.

Once either partner starts quoting the contract to the other, this should be regarded as a symptom of ill health in need of immediate attention!

HABIT FOUR—BUILD A SENSE OF 'PUBLIC SERVICE' WITHIN PARTNER STAFF

The council needs those working in its partnership to be driven by the council's own 'cause' - the provision of high quality public services at reasonable cost. People are naturally drawn to doing good work that makes a difference to society. The social impact of work is often a persuasive factor in choosing one career/job over another.

In entering a partnership, councils are seeking better value for money in the delivery of services it previously delivered itself. This means efficiencies through the use of new technology, but it also often means growing the performance of staff. Giving people a strong sense of 'cause' is one of the factors that helps grow performance. Councils are not short of examples of their staff going 'above and beyond' in the interest of public service.

"It's the organisation's responsibility to provide purpose if they want to retain good people, if you want to retain talent, you've got to create cause. Otherwise, you get a relationship in which I am working for you purely because I'm earning money. Then you get very short term thinking, very selfish thinking."

Charles Handy

However, staff who deliver council services from outsourced companies, often have little sense of the council or the general public it serves. Even when staff have transferred from the council to the outsourced company, as time passes, their sense of contributing to public service wanes, along with their interest in improving the services for the public good. The overarching danger here is that the partner's compensation/bonus system becomes the prime source of cause for its people and as Handy says this leads to "very short term thinking, very selfish thinking".

The Power of Cause

An international committee of senior government officials was formed in order to engage a commercial firm to carry out a scientific / engineering project that involved the development of security technology that the members would share. When it was not satisfied with some aspect of the project, the committee would not hesitate to give its partner corrective feedback. What the committee never did was to give its partner any feedback on what it was doing right. Several months into the project, the manager of the engineering firm spoke with the committee Chair. He informed the Chair that his people were discouraged and they felt that their work was not valued. The situation had reached the point where he was starting to lose his best scientists. He further indicated that if this trend continued, his firm would be unable to complete the assignment.

Alarmed, the Chair asked for a meeting with the project team. The Chair met with the project team and shared with them her passion for the project, the importance of their work and how what they were creating was going to contribute to the well being of people around the world.

In the end, the project team delivered a product that has been very successful. As part of the final project debrief, the Chair met with the project manager. The project manager informed the Chair that the turning point in the project was when she came to speak with his team. He indicated that once people saw how much this project meant to their partner, that their work was valued and the international impact of their efforts, any talk of leaving the project evaporated.

Outsourcing does not change the council's leadership responsibility for motivating those delivering the service. Communicating the council's public service cause to staff is too important to leave to a partner, even when it's the partner's staff. It is in the council's interest to

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- ◆ put a communication programme in place that instils a sense of public service within its partner's staff
- ◆ invest time and energy in helping its partner's staff see the impact of their work – the contribution they are making to society.

An effective way to do this is for the council to participate in their partner's 'all staff' sessions whereby senior council staff have an opportunity to talk about the impact that its partner's work is having on the council and the public it serves.

Building cause is not a one-off activity. It is an ongoing continual process – a bit like blowing up a balloon with a hole in it!

HABIT FIVE—BUILD AND MAINTAIN TRUST – EVEN FRIENDSHIP

By the time a partnership contract is signed, those working on it trust each other because they have spent so much time working with one another. By dint of being in each other's presence they have grown to understand each other and feel confident that when they meet a problem, they can and will work together to solve it. Fast forward three or four years and it is not uncommon to find the partners at each other's throats. Trust has been replaced by open disdain.

No one enters a partnership not trusting their partner!

So the challenge is how do you maintain and grow the trust that existed at the beginning?

Question

How do you get organisations to trust each other?

Answer

You can't! Trust only exists between people.

If you trust your partner, you believe in their good intentions. Things still go wrong and at times you get angry, but the trust means that you do not perceive failures, mistakes and bad decisions as being driven by a self-serving agenda.

Trust builds the environment that enables frank talk (see Habit Six below). Building trust is a simple activity but it is labour-intensive and needs continual care and attention. It requires people from both parties to:

- ◆ Spend time together - one pair at a time, one group at a time;
- ◆ Be involved in each others' working lives;
- ◆ Involve each other in their respective planning processes;
- ◆ Take time to understand their partners' mission, vision and pressures; and
- ◆ Celebrate their successes together.

The first responsibility for building trust lies with the leaders of both parties – they need to spend time together, on an ongoing basis, to establish and maintain a rapport and an understanding of each other so that they create a basis for a discussion, even when they disagree. If trust is evident at the top, it will naturally flow downward and permeate the interactions at the working level. When your partner's people feel trusted they don't want to let that trust down and they will go the extra mile to ensure that they don't.

Trust needs to be valued and nurtured by both parties as it is fragile and easily dissipated. If either party puts up a wall or avoids contact, trust is the first casualty eventually followed by partnership failure.

Beyond trust there lies friendship. You might say "Why should a council make a friend of its partner?" This is a business deal and we have all heard the phrase "I don't have to like you to work with you." But the truth is that if partners don't like each other, their partnership is likely heading for a break down. The power of friendship is that it includes personal commitment. Friends have a commitment to each other's success. This commitment causes partners to go 'above and beyond' and in times of difficulty invest the energy needed to work things out.

It's in the council's interest to make a friend of its partner!

HABIT SIX—TALK FRANKLY BUT NO GRUMBLING

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As the partnership matures, problems, disagreements, disappointments and downright failures are going to arise. At this point, the grumbling starts, that is negative talk about the partner. Negative talk is infectious and gives life to the naysayers. It eats at trust and provides an easy way out as it builds attitudes of disgruntled avoidance which can grow into a mountain of bad feelings that get in the way of people working together.

In a relationship of trust, feelings of negativity are translated into open, solution-focussed conversations with neither partner becoming diverted into negative talk. Disagreements, disappointments and failures are dealt with face to face, openly, frankly and quickly.

Partners often agree on the same goal but disagree vehemently about how to achieve it. They need an environment in which a good fight can take place - where they can freely express their concerns and articulate the points on which they agree and those on which they disagree. A 'good fight' is not about a 'personal win' but about exploring the issues from more than one vantage point and allowing that process to inform decision-making.

Research tells us that frank talk leads to a deeper exploration of the issues and the very willingness on the part of people to engage in conflictual conversation leads to better decision-making.

Partnerships provide an opportunity for people to come together to identify innovative service solutions/improvements. However, for this to happen, partners must be able to talk frankly and to disagree heatedly without doubting the good intentions of their partner. The basis for being able to have a good fight and to engage in rewarding heated conversation is respect. If you lose respect for your partner you gnaw away at the very fabric that holds the partnership together – belief in your partner. Negative talk about your partner is tantamount to pouring acid on the relationship.

When council staff are disappointed with changes to their outsourced services, they need to be reminded that they (the staff) are part of the partnership. The changes to service that most upset council staff are often the ones the council itself has specifically required its partner to implement in order to reduce cost, e.g. HR Self Service, central IT Helpdesk. It is important that the council owns the actions of the partnership and does not allow its managers to use the partner as a scapegoat for unpopular changes. Such an approach is corrosive of the partnership trust that allows good work to get done.

Council leaders need to set the tone for internal conversations about their partner. They need to nip in the bud any movement towards talking about their partner that is less than respectful.

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The route to a successful partnership involves embracing a code of conduct that is intolerant of any talk that is disparaging of the partner's intentions!

HABIT SEVEN—DON'T PUSH YOUR PARTNER AWAY

Councils who keep their partners at arms length, for example by not giving them a place at their management table, start a spiral of descent that can eventually turn their partner into a mere supplier. A mere supplier is the last thing any council wants its partner to see itself as. A partner that sees itself as a supplier is more inclined to focus on its bottom line at the expense of the goals and aspirations of the partnership.

The more a council pushes a partner away, the easier it is for the partner to dumb down the services, pay little regard to the development of their people and fail to adequately invest in preparing for the future. Why? Because this allows them to realise short term gains, for example, their near term profitability. In short, a partner is connected to the council's cause; a supplier is connected to its own cause.

So what does 'not pushing your partner away' look like? Well, it looks like intimacy – yes, it is open kimono time. Keeping your partner close to you involves sharing your thoughts, concerns and fears about the council's future with them. It involves making the partner 'intimately' aware of the challenges and hurdles that the council is facing, including the politically sensitive ones. Councils need to guard against putting themselves on a pedestal when dealing with their partners. A healthy partnership is one in which neither party talks down to the other.

'Not pushing your partner away' means treating them as an equal and seeing them as a valued strategic advisor.

HABIT EIGHT—PAY ATTENTION TO STAFF RETAINED BY THE COUNCIL

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The ‘take over’ of services previously provided by the council is often perceived as personally threatening by the staff the council retains. They feel they have been “lucky to escape” but they also worry that “it’s just a matter of time” before they too will be outsourced! It’s not uncommon for council staff to see outsourcing as a failure on the part of those who have been delivering the services. The thinking goes ‘if those staff had been doing their job well, the council would have kept the service in-house’.

As a result, ‘retained’ council staff have a natural tendency to engage in behaviours that undermine the partnership. It is not uncommon for ‘retained’ staff to display passive-aggressive behaviour towards the partnership. On the surface, they will be positive but surreptitiously they will be looking for opportunities to throw a spanner in the works, to show the council’s partner in a poor light. The goal being to help the council see the error of its ways and desist with its partnership agenda.

Behaviour of this sort is infectious and destructive and significantly contributes to the derailment of public/private partnerships. If it is not checked, a sense of negativity towards the partnership eventually develops across the whole council.

Checking this behaviour requires senior council managers to:

- ◆ build understanding in its own people about:
 - ❖ why the council has entered into the partnership
 - ❖ the value of partnering
 - ❖ council and partner responsibilities
 - ❖ the behaviours expected of council staff
- ◆ seize opportunities to celebrate the partnership’s success with council staff - it is not enough for the council’s leaders to own the partnership -. success demands that council staff, at all levels, feel a sense of ownership of the partnership and a sense of pride in its accomplishments

Partnership success requires council’s senior leaders to continually invest time and energy in building a council wide culture, a culture in which people believe and take pride in the council’s partnership strategy.

HABIT NINE—CONDUCT REGULAR HEALTH CHECKS

A key part to maintaining good health is preventative maintenance—that is, regular and thorough checkups. Senior members of the partnership need to come together on a regular basis and collectively hold up a mirror to the partnership and take a long hard look.

On a regular basis, senior members of the partnership need to stand back and ask themselves:

- ◆ Is the partnership meeting its objectives – is it everything we expected it to be?
- ◆ Are these partnership arrangements serving us and are they serving our partner?
- ◆ Where is the partnership healthy and where is it in need of attention?
- ◆ How are our behaviours contributing or detracting from partnership success?
- ◆ Are we pushing each other towards best?
- ◆ What needs changing?

Discussions involving the above questions need to take place at least annually and be facilitated by an independent 3rd party. This approach enables both parties to look in the mirror and see which blemishes are theirs and what they can do to move the partnership forwards.

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“When you start with an honest and diligent effort to determine the truth of the situation, the right decisions often become self-evident. And even if all decisions do not become self-evident, one thing is certain: you absolutely cannot make a series of good decisions without first confronting the brutal facts... In confronting the brutal facts, the good-to-great companies left themselves stronger and more resilient, not weaker and more dispirited. There is a sense of exhilaration that comes in facing head-on the hard truths and saying, “We will never give up. We will never capitulate. It might take a long time, but we will find a way to prevail.”

Jim Collins, From Good to Great

The ability of the partners to stay in touch with reality, to confront the brutal facts about how the partnership is working not only helps to keep the partnership on the rails, it provides competitive advantage and accelerates movement forward.

HABIT TEN—MANAGE THE CHANGING OF THE GUARD

At the start of a partnership, council leaders are inspired and enthusiastic about the whole venture. Leaders on both sides of the partnership understand the nature of the partnership, their roles, responsibilities and the behaviours expected of them as leaders. They are fired up by the vision of the future and can see the potential benefits, the goals and the direction of travel very clearly.

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Things are never static. Personnel change, people come and go and new arrivals do not have the same understanding or commitment to their part in making the partnership work. New staff at all levels, including those in the most senior appointments, bring with them the attitudes and experiences of the environments in which they previously worked. The resulting ongoing dilution of the original culture that launched the partnership can in a few short years lead to a situation where a critical mass of management and staff no longer feel any responsibility for the partnership's success.

New personnel at all levels need an orientation programme so that on joining the council they:

- ◆ understand the council's partnership approach, its goals and aspirations, and
- ◆ acquire the motivation to work towards the success of these partnerships just as they are expected to support other council commitments.

Partnership success requires vigilance on the part of council to ensure that the energy and enthusiasm that new staff bring are aligned with the council's partnership agenda.

CONCLUSION

The success of the partnership depends on the effectiveness of the working relationships between two groups of people from two different cultures. These relationships rely on the good behaviour of people at close quarters; they involve expectations and delivery on promises.

Two organisations joining up forces may make a lot of sense, economically and in many other ways, but they need a lot of care and are prone to derailment.

The seed of destruction for council partnerships is often sown during the honeymoon period when staff on both sides are full of hope for what's to come. At this point, leaders are taking a break from the traumas of negotiating the contract and launching the partnership. They are rightfully basking in the glory of their success. They have done their job

and done it well. They are taking a deep breath as they turn their attention to other council business. So what is the seed of destruction? It is the anticipation of success!

Rather than anticipating success, councils might be better served by recognising how easily partnerships come off their tracks. This means putting significant time and energy, from the very start, into building and maintaining the working relationships that are its foundation. The 10 Habits lay out a strategy for doing this.

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Success for the partnership depends on the council running hard right out of the starting gate.



ABOUT THE AUTHORS

Ron Wiens has spent the past 30 years helping organizations build high performance cultures. His most recent book, titled '*Building Organizations that Leap Tall Buildings in a Single Bound*' is a leader's guide to culture as competitive advantage. To contact Ron, send him an email at ron@ronwiens.com



Tamasin Davies works as a communications manager in local government, specialising in strategic communications and organisational change. To contact Tamasin, send her an email at tamasin@victorvilla.fsnet.co.uk

The Ten Habits

Get the job title right



Recruit the right people



Keep the contract in the drawer



Build a sense of 'public service' within partner staff



Build and maintain trust – even friendship



Talk frankly but no grumbling



Don't push your partner away



Pay attention to staff retained by the council



Conduct regular health checks



Manage the changing of the guard