

## Key findings

March 2015

# *Beyond* the organisation:

Realising HR's vital role in the  
success of partnering arrangements

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# Introduction

The world we're operating in is becoming increasingly networked and collaborative. In particular, more and more organisations are entering into strategic partnerships, whether these are strategic alliances, joint ventures, outsourcing, collaborations or public-private sector commissioning models. But, research shows that strategic partnering arrangements have a staggeringly high failure rate, with some studies estimate that 60-70% fail to achieve their objectives.

This shift in the way we work means more and more business relationships have to be managed beyond your own organisation. There are significant implications for HR's role as they are no longer just responsible for delivering a strong people agenda in their own organisation, but now need

to consider the people issues and opportunities across the whole partnering network.

How do we deliver strategic HR support across the network and do we have the capabilities needed to operate in this way? This summary presents our high-level case study research findings, looking at the key business issues in collaborative and partnership working and then pulling out what this means for HR. In the main report we address the findings in more depth and provide illustrative case study examples to help guide practice.

Many of the reasons for partnership failure relate to the way we manage people. Therefore, there is a significant opportunity for HR to contribute to their success.

*'...some studies estimate that 60-70% fail to achieve their objectives.'*

## **This research and the practical implications will be of value to senior HR professionals who:**

- are starting to work in an increasingly networked and complex way
- are already working in collaborative arrangements and want to maximise HR's contribution to their effectiveness
- want to develop a wider appreciation of the key business opportunities and challenges involved to help develop the most appropriate HR strategy and responses
- are looking to reconsider their HR model and the capabilities that are needed within the HR team to operate beyond your organisation's traditional boundaries.

## Acknowledgements

The research was conducted by Professor Paul Sparrow and Dr Lilian Otaye, Centre for Performance-led HR at Lancaster University, and Dr Jill Miller, CIPD.

*‘HR need to consider the people issues across the whole partnering network.’*

Successful partnerships depend on relationships and management behaviour, so operating beyond your own organisation raises key questions for HR:

- 1 What sorts of policies or processes are needed to support a range of different inter-organisational arrangements?
- 2 What are the prominent people and organisational issues that have to be dealt with in business partnering arrangements?  
For example, the talent and leadership agenda, capability-building activity, and the quality of relationships needed to create sufficient predictability, reliability and competence.
- 3 What are the implications of these issues for the HR structures and capabilities needed?
- 4 How does the HR function move from a model based on an owned employment relationship to the provision of support to employees that it might not now directly or even indirectly employ?

### **Our framework of key findings**

Our case study work enabled us to examine how HR can best contribute to the success of partnership arrangements. Although the different organisations we studied were engaged in different types of arrangements and designed their HR structures and approaches according to their context, there were four overarching areas requiring HR’s attention and contribution:

- 1 oversight of the intended strategy
- 2 ensuring the integrity of the strategy as it is executed
- 3 ensuring the integrity of the operations
- 4 optimising the operations as the partnership evolves.

In this executive summary we briefly explain each of these areas and Figure 1 provides a summary of the ways in which HR can deliver against them. In the main report we elaborate on this and draw out ideas for action to address the challenges raised.

### **Our research examines six collaborative settings:**

- industry-wide partnerships in the nuclear industry: **Nuclear Decommissioning Authority/Sellafield Ltd**
- collaborative business models for the co-creation of value in aircraft engines: **Rolls-Royce Aerospace**
- the complex portfolios of joint ventures in the oil and gas sector: **Shell**
- multi-agency working in local government: **West Sussex County Council**
- the move from direct provision to a commissioning model in the National Health Service: **NHS East Cheshire/arvato**
- strategic collaborations in police forces: **Dorset Police/Devon and Cornwall Police.**

# Our framework of key findings

Figure 1: A framework for maximising HR's impact on partnership success

- design and use shadow management boards
- establish the architecture needed for network integration
- use of voluntary workforce transition frameworks and partnership charters
- creation of mechanisms by which learning from the partnership is fed into the strategic leadership teams
- taking a network-wide view of capability-building and resource planning
- building capability in commissioning and bidding
- promoting information-sharing for reputation management
- adapting the way the partnership is managed as it evolves and matures

- build a collective and common understanding of the collaborative model across all partners
- align investment plans across the partnership network
- establish partner-in-distress protocols
- develop common branding and identity



- enhance HR systems to enable partners to share people-related insight
- develop common employee and customer engagement models across the collaboration

- build cross-organisation teams with connections back to governance teams
- build flexibility into contractual arrangements to facilitate regular reviews of the collaboration's performance objectives
- protect the operating core of the network through understanding the degree of alignment between the operating cores of each partner
- redefine vocational education, training and professional syllabuses to facilitate a collaborative way of working

## 1 Strategic oversight

Ensuring oversight and quality of the intended strategy is important to ensure sufficient risk management, governance and capability assurance

across the arrangement. Our case study research revealed eight important mechanisms that HR can use to ensure sufficient strategic oversight (see Table 1).

**Table 1: Eight mechanisms that HR can use to ensure sufficient strategic oversight**

Mechanism	What is it?	HR's role
1 Design and use shadow management boards	A shadow management board might not overtly participate in the governance of collaboration, but it does have legal liabilities where it is judged in practice to have real influence over business affairs.	<ul style="list-style-type: none"> <li>• Develop the right leadership competencies for these oversight roles.</li> <li>• Integrate partnership requirements into succession planning.</li> <li>• Set behavioural expectations across the network.</li> </ul>
2 Establish the architecture needed for network integration	A set of rules, frameworks and models to guide the integration process. It's important to establish this architecture in the initial planning stages of the strategy.	<ul style="list-style-type: none"> <li>• Build expertise in organisation effectiveness and advise on the best design principles.</li> <li>• Provide advice on the employment relationship implications of organisation design changes.</li> <li>• Develop project management skills to support network integration.</li> <li>• Develop and use operational insight to advise senior managers on the suitable architecture for the arrangement.</li> </ul>
3 Use of voluntary workforce transition frameworks and partnership charters	These voluntary mechanisms are non-binding, but can be used to co-ordinate activity across partners and establish new norms and protocols to guide joint decision-making.	<ul style="list-style-type: none"> <li>• Understand the different approaches to resourcing and skills development used by partners.</li> <li>• Develop effective relationships across the HR teams of the various partners.</li> <li>• Work with partners' HR representatives to identify what mechanisms, or protocols, will ensure mutually beneficial and co-ordinated resourcing across the network.</li> </ul>
4 Creation of mechanisms by which learning from the partnership is fed into the strategic leadership teams	Mechanisms by which the strategic team learns, on an ongoing basis, how their collaborations could be best designed and managed.	<ul style="list-style-type: none"> <li>• Identify external sources that could 'inject' knowledge and new thinking into the strategic team.</li> <li>• Establish mechanisms to bring learning from across the partnership into the organisation.</li> <li>• Promote trust and positive relationships across the network to promote information-sharing.</li> </ul>

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**Table 1: Continued**

Mechanism	What is it?	HR's role
5 Taking a network-wide view of capability-building and resource planning	Resource planning needs to be considered early in partnerships. Clarity is needed over what resources and capabilities are required, which partners have these or how they will be acquired, and how the loss of resources or capabilities can be dealt with.	<ul style="list-style-type: none"> <li>• Develop a deep understanding of the capabilities and technical expertise needed to deliver the partnership objectives.</li> <li>• Work with partners to understand the resourcing and capability strengths and challenges across the network as a whole.</li> <li>• Establish what needs to be built into the formal contractual process, versus more informal mechanisms.</li> <li>• Ascertain whether the parties involved have the skills to 'work' the collaboration itself, managing beyond their organisation boundaries.</li> </ul>
6 Building capability in commissioning and bidding	Contract management skills and strong commercial awareness are required. Specialist roles are often created (sometimes called 'intelligent client' roles) to get maximum value from complex client and vendor relationships.	<ul style="list-style-type: none"> <li>• Develop an 'intelligent client' capability within HR, by building a partnership mindset.</li> <li>• Understand how to tailor HR activities to partnership needs through a deep understanding of partner culture and capability.</li> <li>• Establish what new core capabilities are needed across the workforce – for example commissioning capability, acting as an intelligent client, risk management, governance and contract design skills – and how these can be developed.</li> </ul>
7 Promoting information-sharing for reputation management	Timely information-sharing between partners, especially of potential risks, is essential for effective reputation management.	<ul style="list-style-type: none"> <li>• Establish cross-organisation information-sharing platforms.</li> <li>• Tailor information-sharing mechanisms to the needs of the partnership, for example, highly formal and heavily contractual versus informal and light-touch.</li> <li>• Set the supporting relational and behavioural expectations for the network.</li> </ul>
8 Adapting the way the partnership is managed as it evolves and matures	The type of strategic oversight required changes over time as collaborations develop and relationships between partners evolve.	<ul style="list-style-type: none"> <li>• Ensure the HR lead has the capability to provide strategic oversight over the lifecycle of the partnership. To a large degree, this involves understanding and advising on all of the issues above.</li> <li>• Understand how the relationships between the collaborating organisations are likely to develop over time as operations mature.</li> <li>• Examine how different scenarios – for example changing contracts and changing levels of partner inter-dependency – could create new capability, governance and risk issues.</li> </ul>

## 2 Strategic integrity

Having ensured that there is a sufficient quality of thought about the strategy in the first place, the next challenge is to ensure that this original thinking doesn't get lost

and corrupted once the strategy starts to be executed by the various partners. Our research revealed four mechanisms HR can use to ensure strategic integrity (see Table 2).

**Table 2: Four mechanisms to ensure strategic integrity**

Mechanism	What is it?	HR's role
1 Build a collective and common understanding of the collaborative model across all partners	Each part of the network requires a common understanding of the partnership model, its objectives, priorities and requirements.	<ul style="list-style-type: none"> <li>• Develop oversight and boundary-spanning roles between partners to understand their motivations and priorities, and broker conversations where inconsistencies in views emerged.</li> <li>• Create mechanisms to enable partners to problem-solve to discuss inconsistencies of views and come to a collective agreement.</li> </ul>
2 Align investment plans across the partnership network	Partners need to agree on how the collaboration's finances and other resources should be invested. This includes developing a common view of how to deal with any potential future savings and investments that are made through collaborating.	<ul style="list-style-type: none"> <li>• Work with HR teams across the network to ascertain the critical resourcing and capability needs of the network.</li> <li>• Establish how shared resources will be invested to develop these capabilities and the responsibilities of each partner.</li> <li>• Build agility into resourcing and organisation design plans to deal with different investment scenarios.</li> </ul>
3 Establish partner-in-distress protocols	<p>There needs to be a plan of how to deal with the failure of a partner or supplier whose loss could severely impact other parts of the network.</p> <p>The most common choices of action include: recapitalise and support the partner/supplier, fix and repair them, or integrate and absorb them into your business.</p>	<ul style="list-style-type: none"> <li>• Consider the main people implications of the various protocol scenarios.</li> <li>• Develop a framework to guide HR decision-making in these situations.</li> <li>• Prepare for how HR resource could be flexibly deployed when protocols are activated.</li> </ul>
4 Develop common branding and identity	Common branding and identity across the collaboration can unite a diverse range of partners and stakeholders in achievement of a common purpose.	<ul style="list-style-type: none"> <li>• Develop ways of communicating the mutual goals and benefits of the collaboration to the wide range of stakeholders.</li> <li>• Work with partners to examine how individual organisation cultures and values support the achievement of network-level goals.</li> <li>• Consider how staff can be simultaneously engaged with the aims of the home organisation and those of the collaboration.</li> </ul>



### 3 Operational integrity

All partners need to operationalise the collaborative strategy in the same way, consistent with the overarching principles and aims

of the collaboration. Our research revealed four main mechanisms HR can use to promote operational integrity (see Table 3).

**Table 3: Four mechanisms to promote operational integrity**

Mechanism	What is it?	HR's role
1 Build cross-organisation teams with connections back to governance teams	<p>Cross-organisation teams with shared objectives help ensure that employees from different partners work together.</p> <p>Communication mechanisms between operational teams and the governance teams are needed to alert them to issues which could hinder the collaboration and threaten the integrity of the strategy.</p>	<ul style="list-style-type: none"> <li>• Consider the compatibility of the different organisation cultures and how this could help or hinder the achievement of shared objectives.</li> <li>• Align the performance objectives of those working in cross-organisation teams to support the collaboration's objectives.</li> <li>• Create mechanisms to enable communication and intelligence-sharing between operational and governance teams.</li> </ul>
2 Build flexibility into contractual arrangements to facilitate regular reviews of the collaboration's performance objectives	<p>Throughout the lifecycle of a collaborative arrangement, goals and objectives may shift. It's important to build flexibility into contracts so that performance goals of the collaboration can be modified as needed.</p> <p>Performance objectives and milestones need to be regularly reassessed to ensure they remain aligned to the changing objectives.</p>	<ul style="list-style-type: none"> <li>• Consider how contractual terms can be written to allow for a re-evaluation of performance goals and management at key points in the collaboration.</li> <li>• Build flexibility into the employee performance review process to facilitate regular review and alignment of team- and individual-level objectives.</li> <li>• Develop an agile mindset within the HR team to be able to anticipate and respond to modified collaboration objectives and people-related requirements.</li> </ul>
3 Protect the operating core of the network through understanding the degree of alignment between the operating cores of each partner	<p>It's important to first understand the 'operating core' of your partners – how they fundamentally operate and the principles to which its employees work.</p> <p>Then you can judge the appropriateness of any alignment or misalignment of resultant HR policies and approaches.</p>	<ul style="list-style-type: none"> <li>• Understand how a partner's strategy and operating principles affect their HR approach.</li> <li>• Put mechanisms in place to share and co-ordinate HR policy between partners.</li> <li>• Develop formal consultation mechanisms between HR directors of partnering organisations to develop a common understanding and response to operational and employee relations issues that emerge.</li> <li>• Encourage those in cross-organisation roles to shadow their equivalent in the partner organisation, to act as an early warning sign of issues.</li> </ul>
4 Redefining vocational education, training and professional syllabuses to facilitate a collaborative way of working	<p>Existing training and education syllabuses within the sector need to be modified to reflect the new reality of work, in particular the need to work across both organisation and professional boundaries.</p>	<ul style="list-style-type: none"> <li>• Identify the knowledge and behaviours required within professional standards and education to facilitate collaborative working.</li> <li>• Work with others in the industry to influence talent supply models and qualifications syllabuses.</li> <li>• Extend existing training and development curriculum to include the knowledge and behaviours required for effective collaboration.</li> <li>• Encourage cross-profession collaboration of existing staff through breaking down vocational silos and encouraging engagement with higher-level collaboration objectives.</li> </ul>

#### 4 Operational optimisation

The fourth area of our framework concerns how to optimise the way the collaboration works as it evolves. Partners need to look at how they can review and improve their relationships on an ongoing

basis and work together most effectively to solve network-wide issues. Our research highlighted two mechanisms by which partners can share people-related insight and problem-solve resourcing and talent issues as a network (see Table 4).

**Table 4: Mechanisms for sharing insight and problem-solving**

Mechanism	What is it?	HR's role
1 Enhance HR systems to enable partners to share people-related insight	Common or compatible HR systems enable information about current capabilities and resourcing requirements to be easily shared.	<ul style="list-style-type: none"> <li>• Harmonise job codes, evaluation systems and competence models across partners, developing a common language by which people-related insight can be shared.</li> <li>• Use this common language when developing new boundary-spanning roles, ensuring partners have the same understanding of the role requirements.</li> <li>• Map out the talent pool across the network to enable cross-organisation transfers of skills and capabilities.</li> <li>• Understand capability needs across the network to enable shared learning and development initiatives.</li> </ul>
2 Develop common employee and customer engagement models across the collaboration	<p>To provide a seamless service to the customer, all partners need to be operating to the same customer-focused principles and values.</p> <p>This way of working first requires employee engagement with the purpose and aims of the collaboration.</p>	<ul style="list-style-type: none"> <li>• Examine the extent to which the employee engagement models of all partners are aligned to the aims of the collaboration. This is particularly important in cross-organisation teams where organisation-level and collaboration goals may conflict.</li> <li>• Work with your partners to develop a shared customer engagement model.</li> <li>• Develop a cross-organisation education and communication programme about customer requirements and expectations.</li> </ul>

#### The impact on HR delivery systems: structures and capability

Operating beyond your own organisation puts further demands on your HR function. To deliver on each of the four overarching areas of the framework, you must make fundamental decisions about your HR delivery system. What kind of structures and functions will be necessary in order to provide the requisite HR support to help organisations work effectively themselves, with their partners,

customers and across organisations down the supply chain?

Across the organisations we studied, we found three broad design solutions:

- 1 creating dedicated project resources within the HR function that can be assigned to the more strategic activity triggered by working beyond your own organisation
- 2 partitioning the HR function between those roles that

maintain an inward and own-organisation focus, and those roles that have duties across broader partners

- 3 creating strategic integrator roles that operate across internal and external businesses, and bring together dedicated expertise under their leadership.

Whichever design solutions you adopt, these developments are likely to place tensions on a traditional HR structure and resourcing model, including:

- changing the types of skills or capabilities the organisation needs, either for a cadre of people working in partnering arrangements, or within the HR function in general
- changing the role of business partners and the way they have to work
- highlighting particular issues, such as organisation design, skills or leadership development, employer relations, and engagement.

What does this increasingly networked way of working mean for HR capability? HR directors who are appointed to manage or who become responsible within their portfolio for collaborative arrangements find themselves working in a unique environment, combining skills of entrepreneurialism, business acumen, legalities, contracts and organisation design, in addition to their functional toolkit of 'HR'.

And of course the changing nature of work has implications for the rest of the HR team within these arrangements. One overall observation from our research is that it appears there is only a small cadre of people who have the skills to work on these sorts of collaborative issues.

It's clear that a more networked and complex way of operating will increasingly require HR professionals who:

- understand not just how your own organisation works, but also how partnering arrangements operate
- are comfortable with ambiguity and change
- are seen as a credible influencer by the rest of the organisation
- are able to demonstrate their current capability as well as their potential further contribution to partnership success.

#### **Find out more**

You can download the full report to further explore some of the professional debates taking place about how to design HR for Beyond the Organisation, and to read the practical case study examples of organisations that have faced the challenges we've discussed:

**[www.cipd.co.uk/  
beyondtheorganisation](http://www.cipd.co.uk/beyondtheorganisation)**

*'An increasingly networked way of working has implications for HR capability.'*



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Issued: March 2015 Reference: 6738 © CIPD 2015