This article is based on an article by Bradford Matthews, lead consultant with Frost and Sullivan, the Growth Partnership Company that appeared in Partner Magazine.

Adaptive Partnering for Survival and Growth

As we face huge economic challenges partnering is a winning formula to ensure survival and deliver growth at the same time.

Many organisations feel compelled to choose between survival and growth. More often they choose to retrench to safe markets and core competencies, rather than focus on winning revenue shares in established and emerging markets. Well managed partnerships can cost-effectively leverage each partner's core competencies to win revenue, especially in markets which require complex integrated solutions. They can often do so quicker than large bureaucratic organisations can.

> *A client who manages an East European IT integration business for a global Fortune 500 was venting his frustration to me about a reactive corporate-wide strategy focused solely on surviving the recession through cost-cutting. His local business was being forced to turn away customers, lose added revenue, stop growing, and risk future growth with disappointed customers. Corporate US leaders had cut back on sales support and service delivery personnel so my client's local business was unable to process and deliver readily available orders. Responding constructively, my client has begun forging external partnerships to provide the missing capabilities.*

My client's story is common, and has implications for strategic partnerships.

Survival *versus* growth

There *are* opportunities for growth even in an overall shrinking economy. Recessions create opportunities for winning greater share in established markets. As an upturn and opportunities for new growth appear, the best prepared businesses win significant market share, and generate early revenue streams to fund the next wave of growth. Many companies and partnerships are so focused on the threats posed by the economy that they ignore or actively withdraw from growth opportunities. Companies who won't or can't manage ***both*** survival **and** growth give away revenue, market-share and competitive advantage. As I've stressed, strategic partnership enables partners to reap the benefits of both survival and growth.

Managing for survival, growth and sustainability

The key to success is *constructive response* rather than *defensive reaction* to recessionary challenges. This requires managing three business actions at the same time. To:

(1) manage the survival of existing core businesses through cost-cutting and asset management;

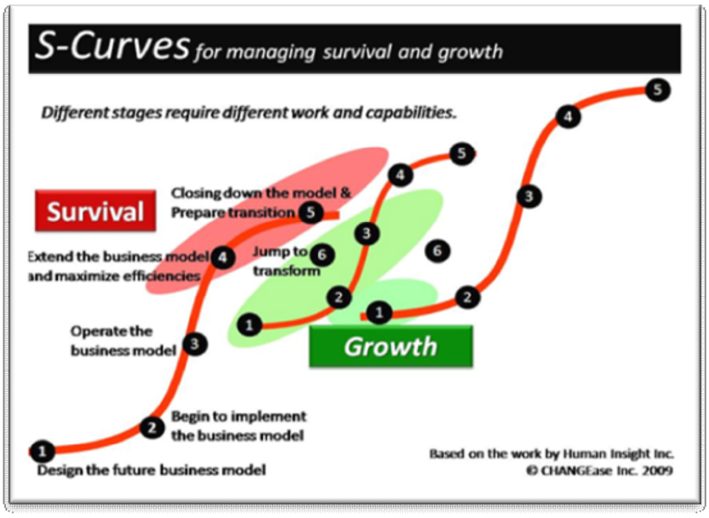
(2) extend existing core business by taking competitive advantage of near-term, low-cost/high-yield growth situations; and

(3) prepare for emergent, even transformational, growth as the recession weakens.

How the S-curve helps

The S-Curve maps the growth, decline and regeneration process for business life-cycles. The illustration below shows how multiple S-curves can be managed simultaneously, delivering ongoing strategy and resources realignment to ensure sustainable performance over long periods.

The first S-curve focuses on *survival through reductionist action*. Stages 3, 4 and 5 maintain operational effectiveness, reduce costs, improve efficiencies, and shed non-core work.



The second S-curve focuses only on *survival through near term growth* in established markets. Stages 1, 2 and 3 explore, develop, initiate and operate strategies for gaining new revenue streams and/or taking market share within the established market model. For example, Apple introduced new colours and accessories for their iPods – using their existing processes to expand their existing market share. (For modeling purposes, the work of the Second S-curve is often included in Stages 4-5 of the First S-curve, since its goal is *extension* of established markets and competencies.)

The third S-curve represents growth emerging from recession, based on a new mix of post-recession markets, core competencies, and competitors. Stage 1 and the beginnings of stage 2 explore, develop and make preparations for emerging first from the recession, with competition-leading momentum. The result can be leadership in new or transformed markets created by the recession.

Resourcing all three S-curves is a delicate balancing act**.**

Combining core strengths

The three strategies I outlined above require a diversity of leadership and execution skills. Success only comes when those appropriate capabilities are available, matched to the appropriate S-curve challenges, and are driven by with urgency. Be aware that such needed diversity of perspectives can also create misunderstanding, distrust, dissension and destructive delay if it is not conscientiously managed.

Some scientifically tested profiling tools help identify the capabilities of partners, so that they can put together complementary strengths and focus them on survival and/or growth goals. HR efforts are maximised if S-curve requirements are understood, and talent pools' capabilities are profiled and mapped to those requirements. Assigning the right amount and type of human capabilities to each of the three S-curves can determine competitive break-through or break-down.

Partnerings coming apart or coming together

Recessions cause stress. Will partner relationships fall apart, or will they become stronger alliances for mutual safety and benefit? *The Economist* recently wondered about the fraying of the EU and the rise of fiscal nationalism in reaction to the ever deepening recession. **Trust** is the defining quality partnership. Do partners (internal or external) trust that their fates are better served in union or in separation? The consistency with which partners deliver on their promises helps determine such trust. My client's (see above) internal partners were not dependable, so he looked elsewhere. No matter how compellingly logical the business case for partnering, the deciding questions will be whether partners are:

(1*) trustworthy* in their commitment, compatibility and capability to deliver on their promises with the requisite urgency; and

(2) *willing* to trust each other.

Replace partners as needed

New partners are needed if existing partners (internal or external) lack the capabilities and commitment required for survival *and* growth. Profiling tools can clarify S-curve based needs, and then assess and recruit prospective partners.

Breakdown and Breakthrough

Recession-driven breakdowns may open breakthroughs to new markets and new competitive landscapes, including, but not limited to 'blue ocean' business development. The recession may reshape whole industries' marketplaces. Which companies will use the recession to jump S-curves and begin the process of shifting to different core markets? Which companies have the commitment and insight needed to take competitive advantage of the recession?

Companies that are able and willing to commit to both survival and growth will succeed, even in recessions. Survivalist strategies alone won't get them there. Unfunded dreams of growth won't work well either. For companies not able to go it alone, and/or for companies that simply see the cost-effective benefits, partnering with others' complementary strengths may be the best way to address the resource requirements of all three S-curves for managing survival and growth. In such times partners who understand their own core competences, have focused on them and then weave then together with their partners' will succeed in good times as well as bad.

Brad Matthews works for CHANGEase Inc. and associates in Europe. They are exploring how official organizational leaders, structures and systems can responsively adapt to and leverage the emergent culture-driven and business opportunities spawned by use of Web 2.0 and Enterprise 2.0 technologies. CHANGEase is looking for companies who are taking the lead in these technologies to assess how Human Insight's tools and lenses can help profile successful leadership 2.0 and organizations 2.0.

<table>
<tr><th>Survival</th><th colspan="2">Growth</th></tr>
<tr><th>Survive now – Win more later</th><th>Win more now</th><th>Win the future</th></tr>
<tr><th>Recessionary period</th><th>Near term</th><th>Exiting & Post Recession</th></tr>
<tr><td colspan="3">The Right Work</td></tr>
<tr><td>▪ Increase operational efficiency
▪ Wisely reduce costs with urgent vigour
▪ Focus on core competencies – eliminating redundancies and high-effort/low-yielding products/services/functions
▪ Leverage partnerships to provide integrated solutions and/or to replace eliminated products/services/functions - with each partner efficiently contributing its core competence</td><td>▪ Near term growth (typically in existing markets)
▪ Low-cost/high-yield revenue production
▪ Increase market share
▪ Leverage partnerships to cost-effectively grow revenues where possible</td><td>▪ Develop potential growth for first-to-open opportunities and for longer term sustainable growth
▪ Expand market share in existing markets
▪ Expand into new markets – including blue ocean markets fostered by recessionary changes
▪ Leverage partnerships to develop and fund growth expeditiously</td></tr>
<tr><td colspan="3">The Right Capabilities</td></tr>
<tr><td>▪ Operational efficiencies – producing acceptable quality (market defined)for exceptionally lower costs
▪ Optimising systems, processes, structures for low cost and effective functioning
▪ Leadership that motivates survival-oriented workforce to meet the challenge with urgency, courage, fortitude and intelligence</td><td>▪ Opportunistic entrepreneuring – rapidly identifying and operationally tapping low-cost, high-ROI growth
▪ Adaptively using available systems, processes, structures to produce added revenue
▪ Leadership that motivates near-term growth-oriented workforce to meet the challenge with creativity and a hunger for immediate wins</td><td>▪ Entrepreneuring with foresight – identifying most desirable growth opportunities and preparing cost-effective their operationalisation
▪ Adaptively using available systems, processes, structures wherever possible to support new growth
▪ Innovate new systems, processes, structures to drive significant new growth
▪ Leadership that motivates growth-oriented workforce to meet the challenge with creativity and a hunger for sustainable (even transformative) wins</td></tr>
<tr><td colspan="3">▪ See and coordinate the big picture
▪ Understand and cooperate with the interdependencies inherent in the big picture
▪ Refine the details
▪ Do own work with commitment</td></tr>
<tr><td colspan="3">The Right Contributions</td></tr>
<tr><td>▪ Apply learnings from the past
▪ Find creative ways to reduce costs and avoid further losses</td><td>▪ Re-view old opportunities and explore current trends for growth - using new eyes and rekindled determination</td><td>▪ See and seize new markets and/or see and seize new opportunities in established markets</td></tr>
<tr><td colspan="3">▪ Trustworthy collaboration and delivery on commitments with colleagues (partners)</td></tr>
</table>