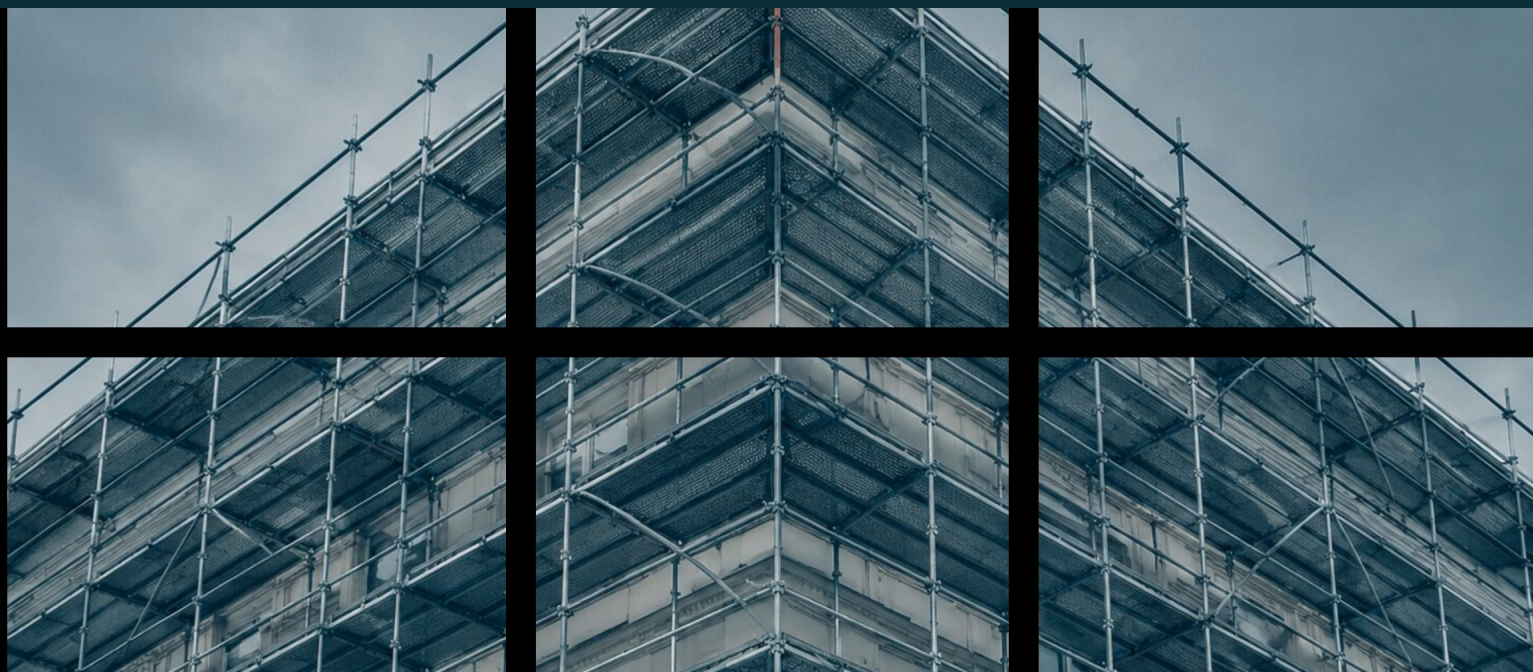


BEYOND THE RATE CARD

Partner in Name Only: Why Most Transformation 'Partnerships' Are Supply Contracts in Disguise

On the gap between the language of alliance and the structure of the deal in large-scale change programmes



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April 2007

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Transformation · No. 133

Originally written April 2007 | Re-edited and re-rendered for the WhereBeyond Edition, 2025

“Genuine partnership is not a warmer way of speaking to a vendor.”

1. The word that does no work

Sit through enough programme steering committees and you begin to count it. In one review I remember — a large operational change programme, some eighteen months in — the word partner was used fourteen times in ninety minutes. The supplier's account director opened with it. The client sponsor closed with it. It ran along the foot of every slide like a watermark. And then, in the final ten minutes, a scope item both sides had assumed was covered turned out not to be, and a change request for a little over ninety thousand pounds arrived by email before the room had finished emptying.

The vocabulary said alliance. The reflex said supply.

That gap — between the language of partnership and the structure of the deal — is the most quietly expensive feature of large-scale transformation, and almost nobody puts a number on it.

The test of a partnership is not what the parties call the relationship. It is what happens to each of them on the day the programme goes wrong.

2. Partnership is an exposure, not a vocabulary

We have, as a discipline, become fluent in the language of partnership and stayed illiterate in its structure. The master services agreement is signed, the governance forum is stood up, relationship managers are appointed on both sides, and everyone agrees — sincerely — that this is a partnership and not a mere supply arrangement. Then the incentives are examined and found to point in opposite directions.

The pattern that recurs is this. The client buys an outcome — a migrated platform, a restructured operation, a realised saving — but contracts for an effort: days, rates, a statement of work priced against activity. The supplier is paid for motion. Its margin improves when the programme runs longer, when scope stays ambiguous enough to be re-priced, when the client's own capability remains thin enough that the next phase is inevitable. None of this requires bad faith. It requires only that the deal be structured as supply, described as partnership, and then left alone. The structure wins. The structure always wins.

Genuine partnership is not a warmer way of speaking to a vendor. It is a specific and uncomfortable condition: both parties are exposed to the same outcome, and neither can

prosper while the other fails. Everything else is relationship management — useful, pleasant, and no substitute.

3. Why the pretence is so durable

If the exposure test is this simple, why do so many "partnerships" fail it? Because the pretence is comfortable for everyone who signs it.

- For the procurement function, arms-length supply is legible. It can be tendered, rate-carded, benchmarked and audited. Shared exposure cannot be reduced to a comparison of day rates, and so it rarely survives contact with a competitive tender designed to drive those rates down.
- For the sponsor, the language of partnership buys cover. "We have a strategic partner" is a more comfortable line to take to a board than "we have handed something we do not fully understand to a firm we cannot yet do without."
- For the supplier, the arrangement is simply good business. A relationship priced on effort, dressed as partnership, and renewed on the strength of goodwill is the most profitable configuration there is. Nothing about it invites the proposal of a harder structure.

So the word does no work, and everyone is content that it should do no work — right up until the programme reaches the point, and every programme of any size reaches it, where the two parties' interests visibly diverge. Then the change request arrives, and the partnership is revealed to have been a supply contract with better manners.

4. The strongest case for the arms-length deal

It is worth putting the opposing view at its strongest, because it is not foolish. A seasoned commercial director would say: partnership talk is exactly the naïvety that gets clients into trouble. What protects the buyer is not shared feeling but a well-drafted contract — clear deliverables, hard service levels, defined acceptance criteria, and a change mechanism that keeps the supplier's obligations unambiguous. Blur the line between the two organisations, this argument runs, and you surrender the one thing that gives you leverage when things go wrong: the ability to hold someone to account against a document. "Partnership," on this view, is what suppliers propose precisely when they want to escape the discipline of the contract.

This is right about the disease and wrong about the cure. It is entirely correct that vague partnership sentiment, unbacked by structure, is worse than an honest arms-length contract — at least the contract tells the truth about the relationship. But the conclusion does not follow. The answer to sentimental partnership is not a tighter supply contract; it is a partnership that is itself structural — written into the commercial mechanism rather than the preamble. The real choice is not between soft partnership and hard contract. It is between a deal whose incentives are aligned and one whose incentives are not. Both can be hard. Only one of them holds when the programme is under stress.

5. What genuine partnership is made of

Strip away the language and a real partnership shows up in four concrete places — and each is a place where money and control actually move.

1. Shared exposure to the outcome. A meaningful portion of the supplier's reward is contingent on the result the client actually wanted — the benefit realised, the operation running at the agreed cost, the platform stable in live service — and not merely on effort delivered to specification. Gain-share and pain-share are the crude instruments here; the point is not the particular mechanism but that the supplier's margin and the client's outcome rise and fall together.
2. Joint governance with real teeth. Not a forum where the client is briefed on progress, but one where both parties bring their own numbers, disagree in the open, and hold decision rights jointly. A partnership in which only one side ever discovers the bad news late is not a partnership.
3. A deliberate transfer of capability. The genuine partner is contracted, and paid, to make itself less necessary over time — with knowledge transfer treated as a governed deliverable carrying its own acceptance criteria, not a line in the preamble that everyone forgets. The supply-contract-in-disguise does the opposite: it quietly deepens the client's dependence, because dependence is the pipeline.
4. Symmetry of pain when it goes wrong. This is the one that cannot be faked. On the bad day — the slipped milestone, the failed cutover, the benefit that does not materialise — does the supplier bleed alongside the client, or does the meter simply keep running? If the honest answer is that the supplier is insulated, there is no partnership, whatever the master services agreement is called.

6. What it looks like when the structure is real

Consider two versions of the same programme — a back-office consolidation whose business case rests on a twelve-million-pound annual saving. In the first, the supplier is engaged on time and materials at a blended day rate, with a statement of work priced against a target completion. The programme slips two quarters; the day rate does not. The client absorbs the delay, the deferred benefit, and a change request for the additional effort. The supplier's revenue rises with the overrun. Every incentive that matters is pointing the wrong way.

In the second, a third of the supplier's fee is held against the realised saving, measured twelve months after go-live, with a floor and a cap so that neither party is ruined nor enriched by events outside its control. Now the same two-quarter slip costs the supplier too — a slice of a fee it has already spent salaries against. The behaviours change upstream of the slip: the supplier resists the client's scope creep rather than welcoming it, escalates the failing workstream early rather than late, and staffs the difficult cutover with its strongest people rather than its most available ones. Nothing in the second arrangement depends on goodwill. It depends on the fact that both parties are now looking at the same number.

“A partnership you can walk away from without loss was never a partnership. It was a supply arrangement you were fond of.”

7. The uncomfortable conclusion

The reason genuine partnership is rare is not that buyers cannot recognise it. It is that genuine partnership is expensive to construct and uncomfortable to hold. It requires the client to give up the tidiness of a rate card, and the supplier to give up the safety of being paid for motion. It asks both to accept a shared exposure that either could, in a weaker arrangement, have avoided. Most programmes decline the trade, take the comfortable structure, and pay the difference later — in change requests, in dependence, in the slow discovery that the strategic partner was strategic only on the letterhead.

If there is one discipline worth carrying into the next sourcing decision, it is to stop testing partnership by how the relationship is described and start testing it by a single question: when this programme has its worst week, who loses? If the honest answer is "only us," the word on the slide is doing no work at all — and it would be more honest, and cheaper in the end, to admit that what has been bought is supply, and to manage it as such.