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An Expanded Model of Business-to-Business Partnership Formation and Success

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In this article, the authors develop an expanded model of partnership formation and success that builds upon a previous model constructed by Mohr and Spekman. Mohr and Spekman proposed that partnership success is predicated on relationship attributes, communication, and conflict resolution techniques, but their model did not specify what factors are associated with the initial formation of the partnership. The study described in this article is based on a series of in-depth interviews with purchasing managers, and identifies factors serving as antecedents to the formation of a partnership. Purchasing managers indicated that partnerships are initially formed in order to lower costs, increase service, and to improve a firm's competitive advantage. The study also confirms the existence of various characteristics of partnership success. The article concludes with suggestions for future research about business-to-business partnerships. © 2001 Elsevier Science Inc. All rights reserved.

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INTRODUCTION

In discussing the challenges facing marketing scholars at the beginning of the 1990's, Webster [1] proposed two main thrusts:

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> ...The first is to develop an expanded view of marketing within the firm, one that specifically addresses the role of marketing in firms that go to market through multiple partnerships ... The second is to develop a base of empirical research that broadens our understanding of the forces leading to the development of long-term customer relationships, strategic partnerships with vendors, ... and the issues involved in creating, managing, and dissolving these partnerships over time.

As we enter the new millenium, Webster's charge still provides guidance, as evidenced by this special issue of *Industrial Marketing Management.* Although many case studies, conceptual papers, and empirical research articles have been published, there is still more that researchers can do to understand partnering. Among the needs is a more comprehensive model of partnership success than has been previously proposed.

The objective of this article is to present an expansion of an earlier model of partnership success originally proposed by Mohr and Spekman [2]. We describe the Mohr and Spekman model, and the results of a series of in-depth interviews of purchasing managers. The information gleaned from the interviews suggests that additions to the model are necessary. The in-depth interviews also confirm some of the factors associated with partnership success. We then offer an expanded model of partnership formation and success, as well as some suggestions for future partnership research.

LITERATURE REVIEW

In the business-to-business marketing environment, many articles, in both the academic and popular business press, have touted the importance and benefits of partnering. Some of the articles have been conceptual or anecdotal in nature while others have presented the results of empirical studies. In diverse industries from healthcare [3] to the manufacture of power components [4], both the conceptual and empirical articles have supported the advantages gained by both buyers and suppliers entering into partnerships.

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For example, many partnerships have been based, at least initially, on the potential to achieve cost savings and reduced duplication of logistical effort for both partners; the literature provides support for the existence of these partnership outcomes [5–7].

Turning to the unique positions of each partner, on the supplier's side, knowledge of how to develop and manage partnerships with buyers can lead to the development of successful business-to-business marketing plans. Suppliers can also enhance their own operations and prestige, if they enter into a relationship with an established industry leader [8, 9]. Research has shown other more tangible benefits for suppliers from partnerships with buyers, such as stability for a supplier in an unstable market [10]. Suppliers that maintain long-term relationships with selected customers are able to achieve the same level of growth as firms that employ a transactional approach to servicing their customers, while at the same time reducing costs through better inventory utilization [11].

On the buyer's side, previous research has shown that developing strategic partnerships with suppliers contributes to improving profitability for buyers, particularly among firms that are market share leaders [12]. As alliances and long-term relationships grow in number, many industrial buyers are consciously making an effort to reduce their supplier base and develop closer ties with their remaining suppliers. Closer supplier ties can lead to improved performance, reduced purchasing costs, and increased technical cooperation [13]. However, there is some evidence that in the area of new product development, new products developed via partnerships may not be any more successful when ultimately introduced than products developed by firms in-house [14].

Aside from the documented advantages of partnerships to both suppliers and buyers, researchers have directed a considerable amount of effort toward the development of partnership models, which themselves may be part of larger models of marketing relationships [15]. The basic purpose of the models is to organize the factors that stimulate partnership formation, management of the partnership over time, and outcomes. A well-specified model can offer academic researchers a framework for future empirical studies that can confirm or disconfirm the legitimacy of the model. For managers, a model of partnership success provides guidance about how buyers and suppliers may foster and manage relationships that will achieve many of the favorable partnership outcomes described previously.

Researchers have suggested many variables as components of these models. Among them are cooperation and

Partnering has grown in importance.

trust between the partners [16], good communication flows [4, 10], potential for change or adaptations over time [17, 18], outlook toward the industry [19], and profitability [10].

For instance, Willis and Huston [20] stressed the importance of a marriagelike relationship, an atmosphere of mutual trust, and full disclosure of information between partners as key ingredients in a successful relationship. Landry et al. [21] viewed the success of a partnership from a transaction cost perspective and concluded that partnerships were the most efficient business arrangement in terms of handling transaction costs. Landry et al. [21] also emphasized the importance of maintaining a balance of power such that opportunistic behavior is prevented by the partners. Similarly, McDonald [22] stated that unequal power within partnerships could create a serious barrier to success. The balance of power can be aligned through the mutual dependence of supplier and buyer. Hart and Saunders [23] noted that while suppliers are typically dependent upon buyers who provide a large proportion of sales, suppliers can regain control by providing a value-added component, such as a unique service. Thus, the relationship is truly one of interdependence rather than a lopsided dependence. One very promising model containing some of these and other variables has been proposed by Mohr and Spekman [2]. This model's specification provides the framework for the remainder of this article.

A MODEL OF PARTNERSHIP SUCCESS

The Mohr and Spekman [2] model of partnership success uses two indicators of success: 1) objective measures, such as sales volume attributed to partners and 2) affective measures, such as satisfaction with the partnership. The authors further propose that partnerships are a more intimate form of business relationship and that certain characteristics should exist in successful partnerships. The factors upon which success is predicated include attributes of the partnership, communication behavior, and conflict resolution techniques. Mohr and Spekman investigated this model in the context of the personal computer industry and focused only on the buyer side of the partnering dyad. Data were collected via a questionnaire. Their model is presented in Figure 1.

Attributes of the Partnership

According to Mohr and Spekman, the attributes necessary for successful partnerships include commitment, coordination, interdependence, and trust. When these attributes exist in a partnering relationship, the partnering businesses recognize their interdependence and are committed to work towards a beneficial relationship.

Communication Behavior

Communication behavior is the second factor identified in the Mohr and Spekman model that contributes to the success of a partnership. It includes the quality of communication, information sharing, and participation. Communication quality includes the accuracy, timeliness, and credibility of the information shared, while information sharing refers to the extent to which critical information is exchanged. The authors described participation as the degree to which the partners jointly plan and set goals.

Conflict Resolution Techniques

The final factor described in the Mohr and Spekman model is the type of conflict resolution technique used by the partners. The authors identify joint problem solving, persuasion, smoothing, domination, harsh words, and arbitration as possible techniques, but note that the most successful partnerships will rely primarily on constructive resolution techniques such as joint problem solving and persuasion.

The Need for Further Specification of the Model

While the Mohr and Spekman model describes the attributes associated with partnership success, it does not identify what factors are associated with the formation of the partnership initially. In other words, what factors

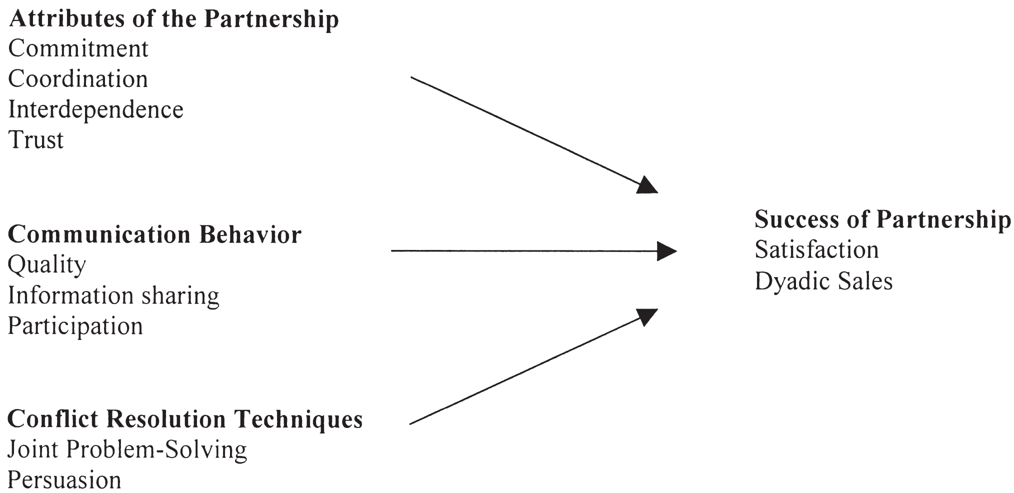

FIGURE 1. **Mohr and Spekman's [2] model of partnership success.**

serve as antecedents to the formation of a partnership? These antecedents determine both the formation of the partnership directly, and they ultimately lead into the evaluation of partnership success. In order to determine these antecedents, and to confirm the factors associated with partnership success, the authors conducted a research study among purchasing managers.

RESEARCH METHOD

The primary data collection method used in this study was a series of in-depth interviews with purchasing managers. In-depth interviewing is a time-consuming, expensive data-collection technique relative to some other types of data collection such as mail or telephone surveying. However, for the purposes of this study, in-depth interviewing offered a chance to gather a rich database of open-ended responses to questions about partnering [24, 25]. This database, in turn, provided the depth of responses necessary to construct reasonable additions to the Mohr and Spekman model.

Measurement Instrument

The in-depth interviewing was based on a series of 12 open-ended questions (Appendix A) developed after a review of the partnering literature and consultation with both academic and business experts who were judged to be knowledgeable in partnering. As recommended by Churchill [26], the authors first constructed an initial draft of the survey questions and then gave the draft to two academic colleagues and three business colleagues who were familiar with business-to-business partnerships. Their comments led to a few relatively minor changes in the survey questions. Thus, the consultation with experts and the literature review lent considerable face validity and content validity to the measurements.

Data Collection

The authors and 22 surrogates conducted all interviews, using the same set of open-ended questions. For the final data collection, each surrogate interviewer conducted 3 interviews for the study, and the authors completed the remainder.

The surrogates were graduate students enrolled in a marketing research class at one of the author's schools. Since these surrogates were not professional interviewers, they received training from the authors in interviewing techniques, including the use of neutral probes, proper recording of responses, and other standard interviewing practices. The authors also provided assistance in interview scheduling.

The interviewers recorded all responses in a paper-and-pencil format, using a copy of the survey questions with sufficient space beneath each question for writing verbatim comments from the respondents. At the conclusion of each interview, the interviewers, if necessary, rewrote their recorded interviews using a fresh survey form. The interviewers were instructed that such rewriting was only for the purposes of making the recorded responses more legible for the coders. In other words, the interviewers were told not to change the substance of the responses.

More research is needed about partnership formation.

Each surrogate interviewer also conducted a practice interview under the supervision of the authors prior to working with the actual respondents. The practice interviewees were drawn from the same pool as the other respondents, but the information from their interviews was not included in the results of this study. These 22 practice interviews also served as a pretest of the survey instrument. The pretest did not reveal any need for further modifications to the survey questions.

The surrogate interviewers were not paid in cash for their interview work, but their interviewing was part of an assignment that made up a portion of their course grade. Thus, they had a positive incentive to complete their interviews. In addition to submitting a completed questionnaire, the authors debriefed the surrogates to gain insight about the general quality of the interviews. Based on this information, the authors recontacted a sample of approximately 20% of the surrogates' interviewees to verify that they had indeed been contacted. There were no apparent problems with interviewer cheating or lack of completeness.

The open-ended nature of the questions permitted only limited empirical tabulation of the responses. Three independent coders—other graduate-level business students who were not involved in the interviews—screened the responses from each interview and independently classified the responses into groups of answers that were similar in wording or meaning. After the independent classifications, the authors reviewed them, and in cases where coders disagreed, the coders met so that they could explain their classifications and reach agreement on the appropriate classification. The authors then examined the classifications and developed names for them, in much the same way that an analyst would name the factors in a quantitative factor analysis.

Even though this process led to complete agreement among the coders about the classification of the responses, the nature of the questions precluded any conversion of the responses into scaled responses that could be subjected to standard quantitative reliability and validity tests. Nevertheless, the high face and content validity of the questions and the painstaking effort expended to classify the responses yielded information that achieved the study's objectives, while laying a foundation for the development of standardized scaled measures that might be used in future broad-based surveys.

Sampling Procedure and Sample Characteristics

The authors used a simple random sample of 100 respondents drawn from the membership list of the Virginia affiliate of the National Association of Purchasing Management (NAPM-VA). After initially contacting the respondents, asking them if they were engaged in partnerships, and requesting permission to interview them, 76 individuals agreed to participate, yielding a response rate of 76%. The authors determined the target sample size of 100 based on considerations such as the availability of time, personnel, and financial support for the study. In addition, although a larger sample would certainly be desirable for a mail or telephone survey, it was more important to gain the richness of the open-ended responses in an in-depth interview format. Accordingly, the authors decided that given their very real resource constraints, they would place greater emphasis on the depth of the responses rather than the breadth offered by a larger sample size.

Although membership demographics were not available from NAPM-VA, such information is published by the parent organization, the National Association of Purchasing Management (NAPM) [27]. The authors compared the membership statistics available from NAPM to the characteristics of the sample in order to determine how closely the sample matched a broader population of purchasing professionals. The demographics listed in the NAPM report for which the authors had sample data were company/organization size, represented by the number of employees; industry type; the number of years of purchasing experience held by the purchasing professional; and the education level of the purchasing professional.

Purchasing managers provided details about their partnerships.

The 76 purchasing managers represented a very wide range of firms, from Fortune 500 companies to small businesses. As shown in Table 1, the sample contained a larger percentage of small firms (less than 50 employees) and a smaller number of large firms (more than 100 employees) than the overall NAPM membership.

The industries represented also formed a diverse group. Comparing the sample to the membership of NAPM, the main difference between the two groups is that the sample contains a greater percentage of wholesale, retail, finance, and service firms, while having fewer manufacturing firms. The types of partnerships in which the respondents were involved were extremely varied, covering partnerships with raw materials suppliers, service suppliers, suppliers of consumables, and suppliers of component parts.

Turning to the characteristics of the purchasing personnel interviewed, the sample contains a larger percentage of people who have from 3 to 15 years of purchasing experience than does the overall NAPM membership. On the other hand, the NAPM membership contains more people who have 16 or more years of purchasing experience. Regarding the education level of the respondents, 92% of the sample had taken at least some college courses, compared to 96% of the NAPM membership.

The differences between the sample and the overall NAPM membership are most likely explained by the restriction of the sample to the membership of the Virginia NAPM affiliate, NAPM-VA. The random sampling method yielded a group that was strongly skewed toward the Richmond-Petersburg MSA, with approximately three-fourths of the respondents coming from that area. In retrospect, a stratification by region of the state or by industry would likely have produced a sample whose characteristics more closely matched the overall NAPM membership. Nonetheless, the group of respondents was still reflective of the wide range of firms in that organization, even though the percentage breakdowns of characteristics may have not exactly matched the overall NAPM population.

RESULTS

Factors Causing Organizations to Form Partnerships

When asked which side of the relationship—buyer or supplier—initiated the partnership, 38.1% of the respondents indicated that it depends on the particular situation facing the potential partners. Another 30.3% reported that the supplier initiated the partnership, while 15.8% of the purchasing managers said that the buyer was the driving force behind partnership formation. The remaining 15.8% of the respondents said that both parties were equally responsible for initiating partnerships.

The purchasing managers were also asked to identify the factors that initially prompted them to develop part-

TABLE 1
Comparison of Sample Characteristics to NAPM Membership Data

Characteristic	Sample (n = 76)	NAPM Members[1] (n = 43,950)
Company Size (Number of Employees)		
1–50 Employees	34.8%	11.7%
51–100 Employees	7.2%	9.3%
Over 100 Employees	58.0%	78.9%
Industry		
Agriculture, Forestry, Fishing	0%	0.4%
Mining	0%	1.7%
Construction	0%	1.3%
Manufacturing	34.2%	57.3%
Transportation, Communication, Utilities	5.3%	8.9%
Wholesale	15.8%	5.8%
Retail	14.5%	2.2%
Finance, Insurance, Real Estate	9.2%	3.9%
Services	18.4%	15.6%
Government	2.6%	2.9%
Number of Years Purchasing Experience		
Less than 3	5.5%	8.1%
3–8	31.5%	21.2%
9–15	37.0%	28.3%
16–24	21.9%	31.3%
25 or more	4.1%	11.0%

Note: Some percentages may not add to 100% due to rounding.
[1] NAPM [27].

Respondents represented a wide range of firms.

nerships; in other words, what benefits did they expect to gain from engaging in partnerships with suppliers? Responses fell into the following broad groups, as classified by the coders and named by the authors:

Desire for lower costs—including reductions in duplication of effort, paperwork, and inefficiency
Providing increased service—such as meeting customer needs better and increasing convenience
Enhancing competitive advantage—such as maintaining a discernable edge relative to competition
Improving performance indicators—including sales, market share, and profitability
Increasing product/service quality
Gaining various benefits of a relationship with a partner—such as a reliable source of supply, a "win–win" mentality, synergy between firms, and a trustworthy partner.

Table 2 contains the main categories of the purchasing managers' responses, and the number of mentions for each category.

Quotations from individual purchasing managers provide additional depth in conjunction with the response counts. These verbatim responses were selected for illustrative purposes, and they capture some of the richness of the responses. For example, in explaining why forming partnerships is important to his firm, one purchasing manager from a provider of computer training services noted:

> There are two major factors that make our organization enter into partnerships: 1) downsizing—companies are now outsourcing their computer training which in turn cuts costs and increases productivity and 2) technology – the proliferation of technology today leads to the increasing reliability on PCs in the workplace and with the rate of program upgrades, there is a constant need for training.

Another quotation demonstrates the multiplicity of factors involved in partnership formation, including lower costs and improved customer service:

> When we develop relationships with partners, we are able to know more about them, have a better understanding, and receive more useful information. This allows us to recommend equipment more suitable to their needs and to give them better customer service. In return, the partners will purchase more and recommend our company to other organizations. The closeness to the needs of the company and the more business they provide help to lower costs for both partners.

Differences in Realization of Partnership Benefits

Although the factors causing organizations to enter into partnerships may also be thought of as representing benefits the organizations hope to gain, in practice these benefits may not be realized in the same way or at all. In other words, there may be a difference between expectation and reality.

In this study, the respondents were asked what benefits they had seen as a result of partnering. The question gave them the opportunity to report the benefits, but the interviewers did not press the respondents to document or quantify the benefits. The reason for this was based on the study's objective, which was not quantitative testing, but instead to suggest possible enhancements to a model that could be subjected to empirical testing in the future.

The purchasing managers' list of reported benefits was significantly different than the list of factors that caused them to enter partnerships. Specifically, even though the categories of the benefits experienced were similar to the

TABLE 2
Factors Causing Partnership Formation

Response Category	Number of Mentions
Desire for Lower Costs	24
Providing Increased Service	21
Enhancing Competitive Advantage	13
Improving Performance: Sales, Market Share, and Profitability	11
Increasing Product/Service Quality	8
Gaining Various Benefits of a Relationship with a Partner	7
Other (e.g., access to technology)	4

Respondents reported unexpected benefits from partnerships.

groups of factors that caused the respondents to engage in partnering, the response frequencies changed. For example, comparing Tables 2 and 3, improving performance in terms of sales, market share or profitability received the greatest number of mentions as a benefit gained from partnering, but this same category received far fewer mentions as a factor that caused partnerships to develop. Likewise, respondents mentioned gaining various benefits of a relationship with a partner much more frequently as an outcome than as an antecedent.

It appears that the potential for benefits associated with these two categories of responses may well have been underestimated by the respondents when they initially considered developing partnerships. At the same time, marketers are continually challenged to "do more with less"; namely, to provide increased service at lower costs. Thus, although "doing more with less" may have been the main driver of initial partnership activity, providing better service at lower cost seems to be accompanied by more favorable performance indicators and the benefits of joint effort once the partnership is established.

Another major difference between Tables 2 and 3 is that the enhancement of competitive advantage, although a frequently mentioned factor in developing partnerships, is not a major benefit in the minds of the respondents. This may be due to the fact that the respondents see the primary benefits either within their own organizations or within a partnership. Another explanation is that in the unaided, open-ended questioning format, respondents may not have thought to mention competitive advantage because they had already mentioned other more specific benefits that, in their minds, may have substituted for the term "competitive advantage."

Table 3 also shows that a new category of benefit was identified: word of mouth advertising. One interviewee stated, "Word of mouth advertising is just as successful now as other forms of advertising such as special promotions or newspaper ads." Another individual replied to the question of benefits experienced as a result of partnering by saying "It is word of mouth; you can use these partners as references or referrals for future deals."

Another respondent referred to the benefits of maintaining a long-term relationship as opposed to a short-term transaction perspective as well as the importance of service and referrals:

> It is mutually rewarding to maintain good partnerships because of service, networking, and references. If a potential client hears good things about our organization from credible sources there is a good chance that the potential client will come to us for their needs. It is also very important to maintain a strong long-term relationship because clients realize there will be problems, but if you have a dependable relationship established, the client will understand and know that the problem will be solved in an expedient and accurate manner.

Table 3 illustrates the response frequency for actual benefits accrued due to partnering.

Thus, it appears that the antecedents to partnership formation are mainly the desire to lower costs, improve financial performance, and to achieve a competitive advantage. In addition to these potential benefits, partners also gain from word of mouth advertising and the actual process of relationship maintenance as well. The differences in responses between the expected benefits from partnering and the benefits actually experienced suggest that partnerships may yield additional benefits beyond the obvious ones that most partners originally expect.

TABLE 3
Actual Benefits Gained from Partnering

Response Category	Number of Mentions
Improving Performance: Sales, Market Share, and Profitability	30
Desire for Lower Costs	27
Gaining Various Benefits of a Relationship with a Partner	18
Providing Increased Service	15
Getting Word of Mouth Advertising	8
Increasing Product/Service Quality	5
Other	4
Enhancing Competitive Advantage	3

Communication is a key ingredient in successful partnerships.

Successful vs. Unsuccessful Partnerships

Purchasing managers were also asked to describe what factors make a successful partnership. There were three main groups of responses:

Improved communication—including frequency, accuracy, and willingness to share important information
Characteristics of a strong relationship between partners—including trust, reliability, honesty, and fairness
Satisfactory performance indicators—sales, market share, and profitability in line with expectations.

Table 4 lists the factors named in successful partnerships as well as their frequency.

The purchasing managers interviewed showed a great deal of insight in vocalizing their feelings on success factors. As shown in Table 4, most of the comments describing a successful partnership emphasized the need for honesty in the relationship:

> A partnership will be successful if both parties are honest about their goals. Buyers need to express to the supplier what they are looking for in a partnership. In return, suppliers must be straightforward about the service they can provide.

The term *commitment* was used frequently to capture a good partnership relationship and this is reflected in the following statement from a purchasing manager: "Success comes from real commitment, not smoke and mirrors—from sharing projections to having everyone knowing what everyone else knows."

The second most frequently mentioned characteristic of a successful partnership was improved communication. One manager emphasized the importance of communication when he said that:

> Successful partnerships are based on hard work, the quality of your work, persistence, and good communication. Communication is key – it is the most important thing.

Another echoed this sentiment with the following statement: "The most important thing in making a partnership successful is communication without a doubt!" The critical need for strong and effective communications was described in this statement: "Communication can cause a partnership to be successful or unsuccessful. Effective communication on needs, time schedules, and market directions is essential in maintaining a successful partnership."

The other characteristic of a successful partnership that stood out in the interviews was the importance of performance from the partnership. For instance, one purchasing manager noted that "Materials management will save the company $30 million that wouldn't have been there except for partnering." Another purchasing manager described his company's method of determining if performance standards had been met. He said:

> We use what is called a relationship profitability model, or you can call it a partnership profitability model. Periodically, we review what business we have with that company, and filter it through a spreadsheet on a computer. It comes up with a return on assets and return on equity with that company.

Perhaps the most insightful quotation struck at the very heart of the partnership: "Communication, trust, and respect are important in creating a successful partnership. Good partnerships are very hard to create and take work to be successful."

Those interviewed most often described an unsuccessful partnership as the opposite of a successful one. However, some addressed the question directly and identified poor relationship management, unsatisfactory perfor-

TABLE 4
Success Factors in Partnerships

Response Category	Number of Mentions
Characteristics of a Strong Relationship between Partners	46
Improved Communication	20
Satisfactory Performance Indicators	12

Partners evaluate expected vs. actual benefits.

mance indicators, and poor communication as key indicators of an unsuccessful partnership. Therefore, Table 5 reflects only the respondents who reported that an unsuccessful partnership was something other than the opposite of a successful one. For example, one manager noted that "Partnering is unsuccessful because a lot of times one company tries to overpower the other, which causes conflict between partners."

Another respondent brought out the importance of honesty in the relationship, saying, "If both parties are not honest about their goals and promises made, then the partnership will not be successful." Finally, the issues of performance and communication were captured succinctly by one respondent, who commented that "A partnership can be unsuccessful due to a lack of communication or poor performance."

Formal vs. Informal Agreements

The importance of trust in the partnering relationships does not mean that there is no need to formalize the partnership. Almost half (47.8%) of the respondents indicated that their firms utilized formal agreements in the management of a partnership. Another 15.8% noted that no formal agreements are created, while the remaining 36.4% said that partnerships varied between a handshake and formal contract depending on the situation. Of those who decided to forego formal contracts, the following quotations reflect the nature of responses. One manager stated:

> In the past, we had formal agreements with our partners, but we found them not very successful, so we do not have formal agreements any longer. Now we and the partner create a philosophy and then produce objectives which must be met to make the philosophy true.

Another manager emphasized the importance of communication: "Every project is discussed and negotiated, the roles and who gets what in exchange, but nothing's put into writing." Summarizing the reliance on informal agreements another manager said, "In some cases, yes, we do have formal agreements, but informality of the relationship is what creates the uniqueness of the partnership."

TABLE 5
Attributions for Failure in Partnerships[1]

Response Category	Number of Mentions
Characteristics of a Poor Relationship between Partners	15
Unsatisfactory Performance Indicators	4
Poor Communication	2

[1]The majority of respondents indicated that the characteristics of a successful partnership were the opposite of an unsuccessful one. Thus, Table 5 reflects only the respondents who reported that an unsuccessful partnership was something other than the opposite of a successful one.

Power and Dependence

The idea of a strong relationship often is related to a more or less equal balance of power and this was also reflected in responses to the question, "Who depends on the other the most?" Of the purchasing managers who answered the question, ore than one-third (38.2%) of the purchasing managers responded that the relationship has an equal level of dependence. Another 15.8% answered that the buyer depended on the relationship the most, and 17.1% of the managers stated that the supplier depends the most on the relationship. The remaining 28.9% were uncertain. One who believed that the supplier is most dependent said:

> The buyer always has more power just because of its closeness to the customer, but you never want to flaunt it. In a partnership, you must treat your partner as though you both have equal power. If you show your power, it creates fear, which breeds mistrust, and then the partnership won't work.

Another disagreed stating, "the buyer (depends more), because the buyer has to pay the consequences when the

Some business relationships will not develop into partnerships.

partnership doesn't work." The difficult nature of the question was revealed in the next two quotations:

> It is almost an even dependency but I would say 51% buyer and 49% seller, because it is the buyer exposing itself to risk that the seller may not be able to deliver.
>
> Both really depend on the partnership, but I believe it is more so the buyer because the bottom line is customer satisfaction. Getting and keeping customers is our main concern.

DISCUSSION

Modifications to the Mohr and Spekman Model Suggested by the Data

Figure 2 presents an expansion and enhancement of the Mohr and Spekman model based on the results of the depth interviews. As noted in the previous section, purchasing managers indicated that they expected to receive such benefits as lower costs and increased service as a result of partnering with a supplier firm. While the Mohr and Spekman model assumed the formation of a partnership and focused immediately on success factors, our participants noted that the very antecedents to partnership formation were ultimately used to evaluate that partnership.

Thus, the first major modification is the inclusion of antecedents to partnership formation. These antecedents, in actual business practice, take the form of expectations that the potential partners have about the benefits they will gain from partnering. Clearly, there is no reason to forge a partnership if there are either no expected benefits or if the expectations are negative. The interviews also uncovered the need to include the antecedents in the partnership model because the expectations become the benchmark for future evaluations of partnership success.

In the second major portion of the expanded model, what Mohr and Spekman termed "attributes of the partnership"—commitment, interdependence, coordination, and trust—are incorporated in a new category of the expanded model called "characteristics of a strong relationship." Also in this category are additional things mentioned by the interview respondents such as having a "win–win" mentality, synergy between two businesses, trust, and reliability. Like Mohr and Spekman, we include communication as an important success factor.

Also in the second major portion of the model we include a specific reference to the comparison that partners invariably make between the anticipated benefits (antecedents of the partnership) and the actual benefits accrued. As noted, the list of benefits actually experienced changed from the list of expected benefits. A classification of properties of offerings may provide a possible explanation for this change. This classification suggests that products have search qualities and experience qualities [28]. Search qualities are attributes that consumers can determine before purchasing a product. Experience qualities are those attributes that can only be evaluated after purchase and during consumption. In this case, purchasing managers choose to develop partnering relationships based upon benefits that are evidenced prior to the development of the relationship (i.e., search properties). However, after experiencing the relationship, the partners are better able to evaluate its benefits (experience properties).

The existence of search and experience qualities in partnerships may explain why respondents indicated differences between anticipated and actual benefits of partnerships. This possibility is supported by the addition of word of mouth advertising as an important, though often unexpected benefit. In other words, because word of mouth advertising can only occur after a relationship has been developed and is difficult to anticipate, it may not have been considered prior to the development of the partnership. In this case, word of mouth advertising is an experience quality of the partnering relationship.

Overall, partners evaluate the quality of the relationship, the quality of the work performed, and the quality of the financial return from the partnership. Regarding the latter, the interviews show that Mohr and Spekman's

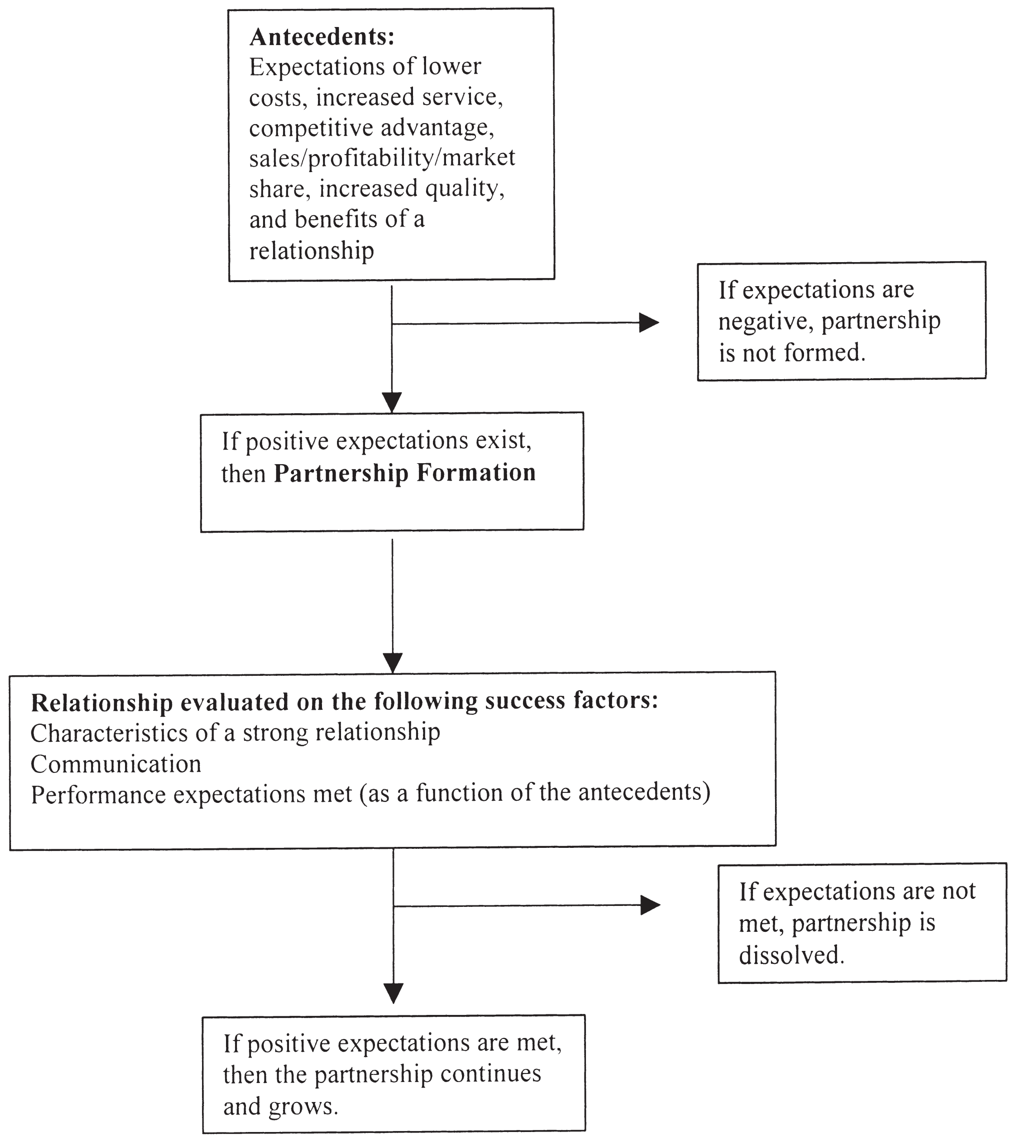

FIGURE 2. **An expanded model of partnership formation and success.**

reference in their original model to "dyadic sales" masks the complexity with which partners evaluate not only sales, but profitability and joint returns.

Another difference between the expanded model and Mohr and Spekman's original model is that they placed greater emphasis on conflict resolution processes as a key determinant of partnership success. Certainly, although conflict resolution, either through explicit or implicit processes, is needed in any type of long-term business relationship, the interview responses tended to downplay formal conflict resolution processes as a *reactive* response. On the other hand, the respondents emphasized the importance of good communication as a *proactive* way to avoid conflicts or to ensure that partnership expectations continue to be met.

The remaining portions of the expanded model stress the outcomes of the partners' evaluations of partnership success. The interviews indicated that if the expectations upon which the partnership was formed are not met, then dissolution of the relationship will soon follow. On the other hand, fulfillment of expectations will cause the partnership to continue and grow.

More research is needed.

IMPLICATIONS FOR MANAGEMENT

The expanded model and the comments from purchasing managers offer a number of suggestions for managers.

Partnership Formation

The difference between a business-to-business partnership and a more casual buyer–supplier relationship was very evident in the comments made by the respondents. It was clear that the purchasing managers saw the partnerships in which they were involved as deep, long-term, relationships that removed many of the traditional boundaries between buyer and supplier organizations. The partnerships did not develop quickly; the buyer and supplier tended to have a past track record of performance that was mutually satisfactory before they even considered forming a partnership. As one respondent noted, "You can't just anoint someone as a partner."

Indeed, as related by some of the respondents, partnerships may entail a significant change in corporate culture for the buyer and the supplier—a movement away from an adversarial relationship to one that is based on trust. Such changes may be extremely difficult, if not impossible, for the potential partners to implement. Thus, given that there will be some variance in the experiences of potential partners, not all buyer–supplier relationships will be candidates for evolution into partnerships.

However, provided that some basic levels of satisfaction and cooperation do exist between the buyer and supplier firms, the potential partners need to explicitly consider the reasons for partnership formation. Among the main considerations are the relative importance of each reason for partnering on both the buyer and supplier side, and an assessment of the probability that anticipated benefits will be achieved. Moreover, the potential partners should examine the possibility that there may be some potential outcomes of a partnership, such as word-of-mouth advertising, that are not as obvious as some other outcomes, such as lower costs, improved performance, and competitive advantage. Regarding performance, several respondents indicated a need to evaluate the long-term business viability of a potential partner as a prerequisite for partnerships. As one respondent put it, "All it takes is a letter stating that the products I purchase will be discontinued, and I may have to search for another supplier."

Ongoing Partnership Evaluation and Maintenance

Partners need to develop joint mechanisms for evaluating the partnership based on characteristics of a strong relationship, performance indicators, and communication flows. The purchasing managers interviewed mentioned several ways of assessing the strength of the relationship. Many stressed the need for quarterly formal evaluations that can pinpoint possible problem areas before they become major concerns. Others noted the need for partners to track problem occurrences. One interviewee emphasized that problem situations and how they are handled are a good indicator of the health of the relationship: "...If a problem with their product causes us to have a manufacturing or consumer problem, I don't expect to have to pay for other people's mistakes."

In order to motivate suppliers to maintain good performance, several of the purchasing managers mentioned that their firms had award programs to honor suppliers for outstanding quality or service. In the words of one respondent, "When we have 'Supplier Recognition Day,' we recognize 8 to 10 high quality suppliers, and the recognition is really a big deal to the honored suppliers."

Communication flows can be improved through exchange programs and on-site visits. This communication is crucial in that the expectations of the partners may change over time, for a variety of reasons—competitive pressures, changes in the economy, technological advancements, new government regulations, or simply a desire to take the partnership "to the next level," as one respondent put it. A purchasing manager for a Fortune 500 manufacturer offered an example of how expectations might change:

> The Environmental Protection Agency requires us to dispose of contaminated rags that were used to mop up spills

> in a way that is environmentally sound. Our supplier really helped us with this new requirement and it significantly strengthened our partnership.

In summary, satisfactory evaluation of the relationship usually deepens the relationship even more, as the partners learn new ways in which they might work together, or as they uncover mutual strengths that had previously been untapped. Above all, in light of the time and effort necessary to form partnerships, it is in the best interest of the partners to do what is necessary to avoid dissatisfaction and dissolution of the partnership.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

Limitations

Like all research studies, this study has certain limitations. One limitation stems from the utilization of in-depth interviews. The open-ended questions asked during the interviews provided a rich and insightful source of information. However, future studies should include questions designed for empirical examination. Specifically, better measurement tools for success factors should be examined and included in such an empirical examination. Measures for relationship management issues, such as respect, and communication may be adaptable from literature in other fields to serve in future studies.

The purchasing managers represented many different types of businesses and industries, but were all located in the state of Virginia, and most of them came from the Richmond-Petersburg MSA. Although the sample included in the study represents a good cross-section of businesses, the sample's characteristics do not precisely match those of the overall NAPM population. Thus, future empirical research should contain stratified samples to help ensure proper representation of the larger population of purchasing managers. Lastly, the small sample was appropriate for the exploratory nature of the study, but still represents a limitation. A larger sample will be useful for model testing in the future.

Suggestions for Future Research

While this study supports the importance of business-to-business partnering and identifies the antecedents to the development of partnering relationships, there is still much to be learned about such relationships. This study provides qualitative support for a model of partnership development and, as such, builds upon the earlier work of Mohr and Spekman [2]. However, the model should be examined empirically with a broad sample of purchasing managers.

Future studies should seek to better define the elusive constructs that make up relationship management issues. For example, previous research into the dimensions of trust may provide a base for the development of a measurement of partnership trust and also provide insight as to how trust develops in partnering relationships [29]. Similarly, walking the difficult tightrope of sharing information with a partner while maintaining control of sensitive information makes it difficult to truly assess what good communication really is.

Further, our study focused on the perceptions of purchasing managers rather than on the sales manager. The potential for this to result in a biased perception of the relationship may be evidenced in the comments made about the balance of power and dependence in the relationship. For example, purchasing managers may feel that they are more dependent on the partnering relationship, but this may not reflect the perception of sales managers. Thus, future studies should explore both sides of the partnering relationship.

Finally, other members of an organization are often involved in the acquisition and maintenance of partnerships. In other words, literature to date has tended to concentrate on principal purchasing agents or salespeople, but other members of the organizations are likely to be involved in the relationship formation and maintenance. The views of these individuals should also be investigated as a comprehensive model of how partnership management evolves.

Along these lines, time may have a moderating effect on the partnership success. In other words, how do successful partnerships adapt to changes in the relationship and changes in the situation for one or both partners? Further, the very definition of success and trust could change when the relationship is considered over time. For instance, if a partnering relationship has existed for several years, and most years have gone well, but recently, communication has been problematic, is that partnership successful? Is there a recency effect in judging the success of the partnership?

CONCLUSIONS

The research study and model development presented in this article represent an additional step forward in our understanding of partnership processes. As empirical documentation for the advantages of partnering continues to mount, one would expect additional refinements to models such as the expanded model described here. Ultimately, the combination of conceptual model development and empirical testing should yield a comprehensive, verified model of partnership formation, management, and outcomes. Such a model will provide important guidance to researchers and managers of the future.

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Appendix A

In-Depth Interview Questionnaire

A partnership between a supplier and a buyer is a close, long-term working relationship. It is characterized by open communication, coordination of effort, and joint planning processes. In other words, it is much more than the typical negotiated relationship between a supplier and a buyer. Today, I'm going to ask for your thoughts about these partnerships.

1. Could you give me some examples of partnerships in which your organization is involved?
2. What are some of the factors that caused your organization to develop partnerships?
3. Which side—buyer or supplier—usually initiates the partnership?
4. Who (titles or areas of responsibility) in your company is involved in forming and maintaining partnerships?

5. How do you evaluate potential partners prior to entering the partnership?
6. What benefits or other effects have you seen as a result of partnering?
7. How does your company evaluate the partnerships in which it is involved?
8. What makes a partnership successful? Unsuccessful?
9. Are there formal agreements worked out which specify roles and responsibilities between the partners?
10. How are conflicts between the partners handled?
11. Which side depends more on the partnership—the buyer or the supplier?
12. How many partnerships does your firm have with buyers? Is there a limit to the number of partnerships that one person can successfully manage?

Following these questions, there was also a series of classification questions about industry classification, company size, and professional qualifications of the respondent.