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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