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MICROSOFT'S PARTNERSHIP CENTRIC CULTURE

**Lessons from a decade of using cross-sector partnerships to
promote universal access to digital learning**

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ABOUT THE PARTNERING INITIATIVE (TPI)

The Partnering Initiative (TPI) is concerned with developing the art and science of cross-sector partnerships. TPI works with individuals, organisations, and systems to promote and improve the effectiveness of partnerships for sustainable development - between business, government and civil society

TPI is a global programme of the International Business Leaders Forum (IBLF).

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TPI working papers present the work of partnership practitioners who want to contribute to the development of a more effective global partnership movement.

The views, observations, conclusions and recommendations presented in TPI working papers are those of the authors and are intended to inform and stimulate debate. They do not necessarily represent the views or formal position of TPI, IBLF or their supporters and partners.

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With a membership of over 80 international companies from around the world, IBLF works in more than 90 countries mobilising visionary leadership and engaging the capabilities of companies in creating innovative partnerships and sustainable development solutions.

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ABSTRACT

Many organizations around the world, especially those operating at the national or sub-national level do not have access to partnership expertise or resources. An important priority for partnership practitioners is thus to develop coherent and strategic programs of investment in assessing and building up the partnership capability of their organizations – tailored to the specific needs and circumstances of business, civil society and public sector. Microsoft offers a large-scale example of a decade long investment programme in partnership capability from which many instructive lessons can be drawn.

Microsoft is not the first company that comes to mind in discussions on the effectiveness and impact of cross-sector partnerships. Yet Microsoft represents an example of a ‘self-aware’ partnership-centric organization, which operates both its business activities and its social investment in line with a partnership philosophy. The company has invested at an unprecedented scale in building up its capability for partnering over the past decade and spends over a third of its revenues on maintaining its partnership capability. The greatest effort and spend has been directed to developing the effectiveness of Microsoft’s business model, which depends on collaboration of in excess of 700,000 partners worldwide. In recent years, however, emphasis has also been placed on partnering with international agencies, governments and civil society groups, especially through the *Partners in Learning* programme, which aims to further access to digital learning as a means for improving literacy and educational achievement across the world. Business and social objectives are aligned through a “One Microsoft” philosophy, which nurtures and informs Microsoft’s partnership-centric organizational culture.

The paper describes Microsoft’s cross-sector partnering experience with a view to furthering understanding on embedding or integrating the partnership approach in a large and complex organization aimed at delivering public benefit from core business operations and competencies. Reference is made to Microsoft’s partnership-centric business model and to how Partners in Learning have made a practical difference in Kenya.

Five key lessons of relevance to partnership practitioners seeking to make cross-sector partnering part of an organization’s culture can be drawn from Microsoft’s experience. These are (1) understand the priorities of partners/potential partners in relation to your own priorities; (2) treat differences in partner priorities and capabilities as opportunities and resources, rather than barriers or difficulties to be overcome; (3) help your partners focus on and deal with their own challenges; (4) build identity and self-awareness of your partnership within your own organization and those of partner organizations; (5) measure partnership effectiveness and impact in different ways in response to demands of partners and stakeholders.

Issues deserving further investigation are identified. These include: (1) to what extent can Microsoft’s approach to building a ‘partnership centric’ organizational form be replicated by other organizations -- businesses operating in different industrial sectors, such as mining, retail or motor manufacturing, resource-poor civil society groups, government departments or international agencies; (2) what kind of investment is most appropriate to building up a partnership-centric organizational culture? How might progress towards achieving such a partnership culture be measured or monitored? Where to start? What are the indicators that action is going in the right direction and generating desired impacts or results? (3) Who can and should undertake or manage partnership building activities, both internally in an organization and externally with partners from other sectors and wider constituencies of stakeholders.

CONTENTS

1. Introduction	5
2. The Emergence of Cross-Sector Partnering.....	5
3. Microsoft and Cross-Sector Partnering	6
4. Organizational Cultures and Cross-Sector Partnering.....	8
5. Microsoft's Partners in Learning.....	9
6. Partnering with Microsoft in Kenya.....	10
7. The Partnership Opportunity	13
8. Increasing scale and impact through Education Alliances	13
9. Measuring Impact	14
10. Learning from Microsoft.....	15
11. Where next with Microsoft's Cross-Sector Partnerships?.....	16
12. Implications for partnership practitioners.....	17
13. References	19

1. Introduction

This paper discusses Microsoft's experience with using cross-sector partnering approaches to further access to digital learning as a means for improving literacy and educational achievement across the world. The intention is not to be comprehensive or critical of Microsoft's extensive contributions to educational reform, but rather to draw attention to Microsoft's cross-sector partnering experience as an opportunity for learning about the potential and difficulties of using cross-sector partnership approaches in large and complex organizations.

The paper was prepared over several months in 2009/10, drawing on materials and information made available by Microsoft, but represents as a piece of research independent of Microsoft. In this sense, the paper provides a view of Microsoft's partnering experience as seen from the perspective of TPI. The motivation is to draw attention to Microsoft's partnership experience to partnership practitioners and advocates operating in TPI's network of collaborating international companies, civil society organisations, government departments and international agencies.

The paper is a contribution to research and development work in progress at TPI related to exploring what it means to be 'fit-for-purpose' for partnering at the level of an organization and to evaluating the value of cross-sector partnering (Serafin et. al. 2009).

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2. The Emergence of Cross-Sector Partnering

In recent years, many international agencies, governments, businesses and civil society groups are recognizing that cross-sector partnerships can and should offer a way of dealing more effectively with problems of social and economic disparity, disease eradication and health, resource depletion and pollution, climate change, as well as educational and literacy concerns (Glasbergen et al. 2007; Horton et al. 2009; Serafin and Hundal, 2010).

Yet despite the growing interest in cross-sector partnering across the globe, evidence that partnerships are making a difference in dealing with intractable human development challenges is still largely anecdotal (Horton et. al. 2009). In an effort to respond, The Partnering Initiative (TPI) actively collects examples and evidence relevant to understanding the effectiveness and impact of cross-sector partnering as part of its contribution to supporting the development of a world-wide partnership movement. Case studies, tools, issues and experiences are collected and disseminated through an internet-based Partnership Forum (www.partnershipforum.org)

Cross-sector partnerships have been initiated by corporates, non-governmental organizations, public agencies, philanthropic foundations, international agencies, as well as by enterprising individuals. Partnership practitioners now operate within large organizations, such as the UN, transnational corporations and global charities, in national government agencies, as well as locally in grassroots civic groups, local government and small businesses and factories. Partnership practitioners include independent consultants, government officials, business people, as well as entrepreneurial individuals working outside of established organizations who are personally committed to bringing about positive social change.

With the proliferation of cross-sector partnerships, there is now growing interest in understanding, implementing and evaluating partnerships at the organizational or institutional level. As a result,

The Partnering Initiative with its global constituency of partnership practitioners is actively seeking to further understanding of cross-sector partnership at the organizational level. This paper is a contribution to that effort.

For the purposes of this paper, the cross-sector partnership definition of The Partnering Initiative will be used throughout:

“A partnership is a cross-sector collaboration in which organisations work together in a transparent, equitable and mutually beneficial way towards a sustainable development goal and where those defined as partners agree to commit resources and share the risks as well as the benefits associated with the partnership.”

It is important to acknowledge, nevertheless, that there are many definitions, approaches and experiences relating to cross-sector partnering in use today. The important thing is not the wording of a definition, but recognition that cross-sector partnership means something specific and can be differentiated from other forms of cross-sector engagement and collaboration. Practical experience of partnership practitioners associated with TPI suggests that it is important that the partners themselves in any partnership work through, agree and document a shared definition of their understanding of their partner relationship.²

The focus on Microsoft’s conception and experience of cross-sector partnering presented in this paper is intended as a contribution to grounding what is becoming an abstract or esoteric debate increasingly distant from the practical realities facing partnership practitioners operating within large organisations professing to advocate partnerships or having to deal with large organisations, which aspire to do so.

3. Microsoft and Cross-Sector Partnering

Microsoft has been working to drive universal access to digital learning via cross-sector partnerships across the globe for nearly a decade. What are the lessons of Microsoft’s experience for partnership practitioners worldwide? What are the challenges facing Microsoft in extracting more value from its partnership work? And how is the company seeking to deal with such challenges? In discussing Microsoft’s experience with cross-sector partnerships, this paper offers tentative answers to these questions and identifies fruitful avenues deserving further investigation.

Partnership is not the first thing that people associate with Microsoft. And yet, partnership is deeply embedded in Microsoft’s business model. Microsoft products are sold through a complex network of several thousand cooperating companies and not from the company itself. This Microsoft Partners Network³ provides those involved with opportunities to:

- strengthen capabilities with latest technologies, sales and marketing skills;
- increase capabilities to serve customers better by creating customer demand through product innovation and connection to customers through an on-line marketplace;

² TPI works actively with over 1000 partnership practitioners around the globe. These are graduates of the Post-graduate diploma in cross-sector partnerships for sustainable development operated by the IBLF and University of Cambridge in the years 2003-8; the Partnership Brokers Accreditation Scheme, initiated in 2005 and still ongoing; TPI training programmes, such as Partners in Action operated with the UN Staff College in the years 2006-8 and growing number of TPI associates, who interact with one another on the Partnership Forum – www.partnershipforum.org

³ For more see www.partner.microsoft.com

- Participate in communities that spark innovation and connect to customer needs, sharing and exchanging ideas in real time.

Microsoft's approach to sales and marketing requires considerable focus and capability on managing a global network of cooperative arrangements which covers more than 100 countries around the globe. Partnering is of key business significance because sales revenues are dependent on how effectively business partners respond to customer needs and so sell the company and its products. Business partnerships generate profits for Microsoft business partners and are managed to maximize these, thereby assuring also Microsoft profitability. Microsoft partners are of crucial importance for the company because they are also the connection to customers -- to understanding customer needs now and in the future and so to driving product innovation.

Mutual need or reliance defines the relationship between Microsoft partners and Microsoft, suggesting that the 'partnering' label is more than a 'politically correct' slogan. It is a way of doing business. Microsoft has invested heavily in its business partnerships over the past decade, holding Annual Microsoft Worldwide Partner Conferences to review progress and introduce new types of company support for business partners. Large sums of money are involved. In 2004, the company spent \$1.5 billion with a further \$1.7 billion in 2005. This is roughly 35% of Microsoft's annual spend. Moreover, over half of the company's marketing budget is spent in conjunction with partners, who numbered over 700,000 worldwide (Stuart, 2008; April, 2005; Microsoft, 2010). For Microsoft, the partnering business philosophy has been to help partners to extend their reach, reduce their costs, increase profitability and deliver innovative solutions. Business risks are shared through the network. Microsoft business leaders describe their company as being 'partner-centric'.

According to internal estimates for every dollar generated for Microsoft, \$7 - \$18 goes to other business partners (Corporate Social Organization, 2009). In the UK, for example, 1300 of 2000 employed are focused on working with business partners on specific products and services.⁴

For Microsoft, partnership is part of a corporate culture and very much a way of operating. It also makes for a complex organization that cannot be controlled or managed in a conventional command-and-control manner. Thus the key question for those working with the myriad of business partners focuses on how to ensure the company continues to be innovative and flexible with respect to market needs and opportunities, while at the same time making it easier for partners to connect with the company and with other partners.

For Microsoft, the answer has been not command-and-control, but a focus on building a shared value or way of operating. This has involved Microsoft promoting widespread appreciation for the company's "One Microsoft" philosophy or vision has been the way Microsoft has sought to align its business partners, which simplifies engagement with partners while ensuring greater transparency (Microsoft, 2008a).

The main focus of Microsoft's partnerships has been on its partnerships with businesses in terms of financial investment, training, networking and staff time. Yet the company has sought also to build collaboration with the public and civil society sectors both internationally and locally to promote universal access to digital learning. It is worth noting that the motivation for extending Microsoft collaboration to include also government and civil society sectors has nonetheless been fundamentally about improving the effectiveness and impact of the company's business model.

⁴ Telephone interview with Neil Ross of Microsoft, May 2009.

The principal instrument or means by which Microsoft seeks to build partnering into its organisational culture is through drawing attention to and promoting values. In practice, this means ensuring partnering activities are consistent with and contribute to Microsoft's core corporate value of: "integrity, honesty, openness, personal excellence, constructive self-criticism, continual self-improvement, and mutual respect" and the company's "...commitment to its customers and partners and its passion for technology is demonstrated through its economic and social activities" (Microsoft, 2008).

It is worth underscoring that Microsoft's interest in partnering with governments and civil society to improve literacy around the globe is not about philanthropy or about just being a 'good neighbour'. It is not an add-on. Rather the motivation has been in the past and continues to be about developing and applying a business model, which integrates profitability with delivering improved digital literacy – a social concern central to human development -- but one which also seeks to expand markets for ICT products and services, including those offered by Microsoft.

4. Organizational Cultures and Cross-Sector Partnering

Large multinational organizations rely on complex webs of global partnerships to conduct their business. They function beyond individuals as organizational cultures and can be understood as such (Etzioni, 1971; Douglas, 1986; Handy, 1986). This is why best practices in partnership tend to be deeply embedded in the corporate culture of successful multinationals, and Microsoft is no exception. Microsoft products are sold via online and retail outlets through a complex network of thousands of independent software and hardware vendors. Building, sustaining, and growing this complex network requires considerable expertise in managing global cooperative arrangements. The health of Microsoft and partner businesses are inextricably linked, highlighting the importance of setting up arrangements with shared risk and shared reward that drive mutually beneficial behaviors. This is why so much resource is invested in maintaining and building up strong collaborations with business partners around the globe.

In the face of an increasingly uncertain and turbulent global market-place, Microsoft business leaders have certainly recognised that dealing more effectively with social and human development concerns is directly related to the future of Microsoft's business. Universal access to digital learning has been identified by many in international development as essential to building human societies, which are healthy, open, and free. A well-educated, digitally-literate citizenry tends to drive global economic competitiveness, the argument goes. A digitally-literate citizenry in turn enables companies, like Microsoft, to do business in a specific geography to provide ongoing training, jobs, and solutions for its workforce.

Microsoft's concern and focus on contributing to human development through promoting and enabling digital learning has not been without criticism. In fact some have even gone so far to suggest that the link between digital access and digital literacy and educational achievement is still unproven and have questioned Microsoft's intentions (Leye, 2007). Despite criticism, the opportunity to do good and to do business has a significant human resource value for Microsoft in terms of attracting and retaining talent.

With Microsoft's mainstream focus on promoting and extracting value from partnerships with business partners, it is instructive to consider in more detail how Microsoft has been seeking to engage with non-business partners – in government and civil society. This is because such partnerships are in now in their ascendancy in Microsoft. The most established initiative focused on non-business partners is "Partners in Learning" -- a world-wide program initiated in 2003 to

increase access to, and use of information and communication technology in secondary school education. The program is aligned with Microsoft's business interests and business competencies, which ensures high priority in corporate planning.

5. Microsoft's Partners in Learning

Microsoft's Partners in Learning program is an "... integrated set of resources, training programs and grants designed to increase technology access for schools, foster innovative approaches to pedagogy and teacher professional development, and provide education leaders with the tools to envision, implement and manage change." (Microsoft, 2007).

Since its launch in 2003, Partners in Learning has touched the lives of more than 90 million students, teachers, and education policymakers in 101 countries. As many as 80 full-time academic program managers are involved worldwide. The goal was to "*create educational experiences that remove limitations and bring students and teachers closer, worldwide*". Back in 2003, Microsoft committed \$250 million for a five-year period. Based on a review of achievement, the company renewed its commitment to Partners in Learning, increasing the company's investment to nearly US\$500 million over 10 years (Microsoft, 2007; 2008b).⁵

The program is unprecedented not only in its scale and reach, but also in that it is based on collaborative agreements negotiated with governments and civil society, which are very much in line with the "One Microsoft" philosophy. Cross-sector partnerships have not been applied at such global scale previously in the education sector nor has there been any previous attempt to apply partnerships at every level in the education sector – from international agencies and NGOs to school leaders, teachers and students.

At the outset, Microsoft's Partners in Learning programme envisaged the need to develop "...close partnerships with government, education systems and NGOs to enable program delivery and to facilitate measurable outcomes". The programme is promoted wherever Microsoft operates. It continues to be promoted in as many as 101 countries through a multitude of local and international partners (Butler 2005; 2006).

Partners in Learning programme was seen from the very beginning as being central to the company's future as a "valued global citizen" and as a successful business very much in line with the "One Microsoft" business philosophy. The program focuses on building partnerships with governments, particularly Ministries of Education, around the world by engaging all of the company's stakeholders in a specific region: Microsoft staff, regional business units, local business partners, and educational institutions (Butler 2005; Microsoft 2008b). This positional power to partner and convene organizations is remarkable. Few, if any, NGOs or international organizations have anything approaching this capability locally and globally.

The partnerships focused on driving universal access to digital learning in a region, building immediate skills and potential for active participation in the global marketplace. In practical terms, Microsoft has committed to providing volume-discounted software licensing, teacher training, and curriculum support for education in developing countries. These things are delivered through Educational Alliances, which generate immediate positive impact for the organisations involved, as well as long-term positive impact for local economies. One reason these offerings emerged relates

⁵ See www.microsoft.com/education/partnersinlearning

to the fact that many in education around the globe simply cannot afford to purchase Microsoft software, but want to have access to the digital world.

By engaging with governments as partner for promoting universal access to digital learning, Microsoft has sought to identify the specific needs and priorities of government so that collaboration adds value rather than duplicating something that is already being pursued. The approach has been focused on actively identifying and extracting value from partnerships with government and civil society groups measured in terms of progress towards universal access to digital technology, as well as digital literacy. Having said this, measuring what constitutes 'added value' and how that value can be maximized remains a challenge as so many intangibles are involved.

6. Partnering with Microsoft in Kenya

Microsoft's partnership practical commitment is well illustrated in working with others in Kenya to bring about increased digital literacy and access to ICT. The Kenyan experience described in what follows is based on a more detailed case study exploring Microsoft's role developed as part of TPI's Partnering with Governments in Africa programme (Odo, 2008).

Kenya on the east coast of Africa has a population of almost 35 million people. As many as half live in poverty, but with a literacy rate of 80% and a primary school enrolment rate of over 75%. The UN's Millennium Development Goal of universal access to education is within reach. Yet only approx. 1 million have access to the internet and statistically only 1 in a 100 have access to a personal computer. Access to ICT is low despite widespread access to education. Accelerating digital literacy and digital access is thus an important priority for government and educators. Yet until recently, there has been no coherent ICT policy and planning.

In 2005, Microsoft became involved in establishing the Kenya Information and Communication Trust (KICT) as a partner for the Ministry of Education (MOE) and a civil society partner – the Network for Computer Initiatives in Education (NICE). Other key partners who joined the initiative were the Ministry of Information and Technology as the government department responsible for IT policies, along with the Ministry of Transport & Communication responsible for ICT Infrastructure development and licensing. Microsoft has acted as a powerful convenor in Kenya, bringing together unlikely actors, but needs local partners to keep those actors collaborating with one another effectively over long periods of time.

The motivation behind the KICT was to create a cross-sector partnership focused on introducing computers to schools and training teachers so that they could in turn train the school children. The idea was to identify existing resources that were targeting similar initiatives while seeking new resources and coordinating their use to achieve greater impact. The resource mobilisation would not just be restricted to financial grants but would also involve procuring new and used equipment that could be rehabilitated, as well as 'contribution of time' from the donors or contributors. Along with Microsoft, other international and Kenyan companies joined the KICT as partners, contributing resources, networks, expertise and volunteers. This process generated relationships based on transparency, mutual benefit and equity, enabling the project to be scaled up and generating a compelling case for the value of joining.

Initially the partners tried to seek common interests and objectives but the focus soon changed to exploring a 'win-win' scenario with complimentary objectives contributing to a common goal. This way the partners worked to achieve their objectives in a way that was complimentary rather than competing.

For Microsoft the ‘complementarity’ - the link of this partnership to its core objectives – lay in the fact that it has similar partnerships globally under the Blueprint for schools, and the endorsement by the CEO helped to build the internal ‘buy in’ that was necessary to avoid internal resistance.

Recognition that civil society was too weak to bring about meaningful change with respect to digital literacy and access on their own meant that the KICT became attractive as a vehicle or means for partnering with the private sector. They acknowledged that partnering with the government could mean policy change while partnership with the private sector could result in more resources and more expertise, ultimately having a larger impact in the ICT and Education sectors. In forming the partnership, each sector sought to contribute skills, while seeking also a concrete reward (Table 1).

Table I - Shared risk & reward

Partners/Members/Stakeholders	Strength/skills	Reward
Civil Society	<ul style="list-style-type: none"> Capacity building and direct implementation 	<ul style="list-style-type: none"> Service delivery to the underserved and greater ICT access – allowing those involved to achieve more with the same resources.
Public Sector	<ul style="list-style-type: none"> Policy and Resource mobilisation 	<ul style="list-style-type: none"> Coordination of industry stakeholders and interventions resulting in greater ICT access – fulfillment of its mandate and better serving the needs of citizens.
Private Sector	<ul style="list-style-type: none"> Technical Expertise and Resource mobilisation 	<ul style="list-style-type: none"> Promotion of CSR strategy and better equipped future labour force and greater ICT access
Academic	<ul style="list-style-type: none"> Technical expertise and Capacity building 	<ul style="list-style-type: none"> Enhanced academic standards and greater ICT access

(From Odo 2008)

As the partnership evolved, the partners were able to define their roles more clearly and understand how they fitted into the shared framework of the partnership as something greater and additional to their own organization (Table 2).

The most important accomplishment of the partnership to date has been the development of a National Education ICT Policy. As many as 800 teachers have been trained and the number is fast increasing as this financial year the government has dedicated resources to train a further 2000 teachers in 2009/10.

One of the key common objectives of the partnership was resource mobilisation and indeed this has been achieved. From the US\$ 80,000 that was contributed by Microsoft for the computers for schools programme more resources have been mobilised. This year alone the government has committed resources for at least another 213 schools. It is expected that in 2010 the government and the other partners will be able to further scale up and cover more schools.

With Microsoft playing a key role not just in resourcing the partnership, but also in shaping its activities as a partnership characterised by mutual benefits, transparency and equity. The key achievements of the partnership can be summarised as follows:

- Bringing partners/resources together from across sectors;
- Mobilising resources (cash/computers/volunteers);
- Getting computers to over 1000 schools;
- Influencing and supporting the digital content development in the education curriculum;
- Helping develop a national ICT strategy for the Education sector; and
- Developing an e-waste policy and program.

Table 2 – Kenya ICT - the partners & their roles/contributions

Partner	Intangible	Equipment	Financial resources	Staff time
<ul style="list-style-type: none"> • Ministry of Education (Main public sector partner) 	<ul style="list-style-type: none"> • Convening Power, Legitimacy as the State responsible for service delivery & Policy 		<ul style="list-style-type: none"> • Funds (for training and refurbishment of equipment) 	<ul style="list-style-type: none"> • To manage/govern partnership
<ul style="list-style-type: none"> • Microsoft (Main private sector partner) 	<ul style="list-style-type: none"> • Connections and convening power as Industry leader and due to credibility/reputation 	<ul style="list-style-type: none"> • Old Equipment and Software licenses 	<ul style="list-style-type: none"> • Finances (for training and refurbishment of equipment) 	<ul style="list-style-type: none"> • To manage/govern partnership
<ul style="list-style-type: none"> • NICE (local NGOs) 	<ul style="list-style-type: none"> • Legitimacy as the voice for the local Civil Society (has been involved in ICT service delivery to the rural areas) 	<ul style="list-style-type: none"> • Old Equipment and Software (donation and refurbishment) 		<ul style="list-style-type: none"> • To manage/govern partnership AND To develop curriculum and train teachers
<ul style="list-style-type: none"> • KAA, KA, Barclays, Safaricom, etc. (Private Sector Partners) 	<ul style="list-style-type: none"> • Credibility/reputation (as large 'socially responsible' private sector companies) 	<ul style="list-style-type: none"> • Old Equipment (donation) 	<ul style="list-style-type: none"> • Finances (for training and refurbishment of equipment) 	<ul style="list-style-type: none"> • To manage/govern partnership (KAA)
<ul style="list-style-type: none"> • KIE and JKUCAT (academic institutions) 	<ul style="list-style-type: none"> • Credibility/reputation (as leading education institutes) and Office for the secretariat (KIE) 	<ul style="list-style-type: none"> • Office space for Secretariat (KIE) 		<ul style="list-style-type: none"> • To develop curriculum and train teachers
<ul style="list-style-type: none"> • Ministry of Information & Technology and Ministry of Telecommunications 	<ul style="list-style-type: none"> • ICT professional time for policy, regulation and development of Infrastructure development 	<ul style="list-style-type: none"> • National Infrastructure 	<ul style="list-style-type: none"> • Funds (for infrastructure development) 	<ul style="list-style-type: none"> • To provide TA to develop curriculum and quality standards

(From Odo, 2008)

7. The Partnership Opportunity

Many leading global companies have sought to integrate social and environmental responsibility into their core business operations and business planning. In this regard, Microsoft is not unusual. What is unusual is that Microsoft has made partnerships and partnering the key philosophy and method of delivering two seemingly divergent benefits: the social benefits of improved access to digital learning and the business benefits of healthy returns to shareholders. In this regard, Microsoft has invested more than most in evolving an organisational culture that is fit for the purpose of cross-sector partnering. The Microsoft experience suggests that doing business and doing good with partnership as the guiding paradigm is not just possible, but is the reality of the marketplace in which Microsoft now operates.

Amid the global economic slow-down, government spending on education is being cut back. International agencies are also seeing their budgets cut back and have to make difficult choices as to their spending priorities. A *recent* report by RESULTS Educational Fund, for example, has found troubling trends in World Bank education lending for the poorest countries – especially in Africa where its proportion of education financing from the Bank was less than 15% in 2009, despite being home to 32 million of the world's 72 million out-of-school children. In the meantime, just three countries – India, Pakistan and Bangladesh – have received over \$4 billion of the World Bank education sector's \$8 billion in lending over the past 10 years. The disproportionate allocation of financing to sub-Saharan Africa has many worried that the kinds of educational gains made in South Asia over the past decade will not replicated on a continent where 40% of the population is currently under the age of 18.⁶

What is not well appreciated, however, is that unlocking the potential of partnering with Microsoft is not about the transfer of financial and other resources to make up shortfalls in budgets. Rather, the challenge and opportunity of partnering with Microsoft is about finding ways of extracting and creating value from the scale, influence, and results-oriented approach of the company and its business culture. Thus the need is for governments, international agencies and civil society groups to build their own capacity for effective cross-sector partnering places where this can fit with companies like Microsoft, if they are to extract / create maximum value from such collaborations for the benefit of human development.

8. Increasing scale and impact through Education Alliances

Ministries of Education in both developed and developing countries are the partner of choice for Microsoft in that they provide a way for the company to confront and align its business interests with human development priorities linked to digital literacy. Engaging with government and in some cases with civil society groups is necessary because only by integrating or accounting for the insights, resources and networks of partners from these other sectors can a workable vision for increasing educational achievement be formulated. Business typically wants build brand value by associating with respected NGOs, but in the case of Microsoft the brand itself has become respected and powerful in terms of an alignment with education for all goals. NGO partners are needed for delivery, outreach and co-creation rather than for reputational gain.

⁶ See www.campaignforeducation.org

Creating Educational Alliance with government and civil society partners (and other businesses) is thus a means by which Microsoft can temper its own power and influence at the local or national level, while also maximising impact in terms of the company's human development commitments.

Education Alliances are basically examples of a structured planning approach, which provides all partners (and potential partners) with tools and guidance so that all partners can define, measure, and meet both business and social objectives related to universal access to digital learning. Much of this expertise remains confined to the 'Microsoft world' of ICT & education, but is likely to be of considerable interest to partnership practitioners in other industrial sectors.

For both Microsoft and local partners, Educational Alliances are partnerships, which provide the basis and the vehicle for Microsoft's financial and other contributions to furthering digital literacy. Education Alliances focus on 3 key instruments:

- **Grants:** Investments aimed at creating activities which lead to improved use of IT in teaching and learning.
- **Fresh start for donated computers:** Provision for primary and secondary schools to install genuine Microsoft software on donated PCs at no charge.
- **School agreement subscription licensing programme:** Annual subscription licensing agreement offered at reduced cost to primary and secondary schools.

Aside from these 'officially' articulated drivers, there are likely other more business-oriented drivers, such as keeping pirate software out of schools or managing the risk of being accused of monopoly practices with the consequence of being denied a license to operate. To what extent these 'unofficial' or implicit drives play a role is a matter of speculation. But there can be little doubt that building good will with educational ministries helps to manage business risk somewhat.

9. Measuring Impact

For Microsoft, the following four criteria are used for measuring Education Alliance partnership effectiveness:

- Setting clear, measurable aims and objectives;
- Ensuring that decisions are transparent and robust;
- Knowing how to research, ally with and select suitable partners;
- Managing and evaluating ongoing partnerships

Looking at existing partnerships as they measure up against these criteria yields insights on why some partnerships are under-performing and others exceed expectations. Prior to 2006, the partnerships were more informal arrangements adapted to local needs and circumstances, often driven by enlightened and highly motivated individuals. The partnerships focused on deploying grants and low-cost software rather than establishing the common vision and enabling framework of an Educational Alliance. The approach was seen as achieving mixed success in various regions across the globe, with success often uncorrelated to the number and size of grant awarded. Recognizing the limitation of this approach, Microsoft focused attention on improving the design and performance of the Educational Alliances by assuring that they embody all of the elements crucial to a sustainable cross-sector partnership (Butler, 2006: Microsoft, 2007).

The focus on quality vs. expediency has generated discussion in many countries, and in some cases controversy. Such 'give-and-take' is very much a sign that an Educational Alliance is operating as a partnership with shared costs, risks and benefits rather than a conduit for receiving

Microsoft support. Thus working towards Educational Alliances as partnership agreements is a priority, which if successful, can enable sustained engagement of Microsoft in dealing with the problems and challenges of a specific region or place. Put another way, Microsoft domination of an educational partnership is neither in Microsoft's interest nor in the interest of the NGO and public sector partners as this would work against the sharing philosophy of cross-sector partnering. Thus it would seem that it is in the interest of Microsoft to use partnering as a way of sharing business risks benefits with a wider constituency of stakeholders.

10. Learning from Microsoft

What are some of the lessons from the high-impact Educational Alliances initiated by Microsoft around the world?

Five lessons appear to be important and relevant to partnership practitioners.

1. **UNDERSTAND THE PRIORITIES OF PARTNERS/POTENTIAL PARTNERS IN RELATION TO YOUR OWN PRIORITIES.** Those most directly involved in cross-sector partnerships on the Microsoft side must seek to understand the specific educational priorities and conditions of a country of interest, especially in relation to digital literacy. Gaining an appreciation for educational priorities must be linked also to mapping educational priorities to business priorities associated with the wide variety of products and services. In practical terms for Microsoft, this means coordinating and aligning a myriad of business activities at country level in a systematic and strategic way. Such coordination is critical because it helps all parties come to a common understanding of the shared risks and rewards. Governments, civil society groups and corporations will not share organizational objectives nor will they be oriented to the same mission. But they can find ways of collaborating more innovatively.
2. **TREAT DIFFERENCES IN PARTNER PRIORITIES AND CAPABILITIES AS OPPORTUNITIES AND RESOURCES, RATHER THAN BARRIERS OR DIFFICULTIES TO BE OVERCOME.** Different priorities and capabilities of partners and potential partners are opportunities for innovation and constitute a resource for partnership development. The important lesson here is that partners can still partner effectively and achieve impact when those involved recognize just where divergence of opinion and capability occurs. In turn, those working in a corporate context, such as Microsoft, must be clear where their own interest converges and diverges in relation to their host organization and to that of other partners in the partnership. This demands that partnership needs are articulated, valued and understood all the way through the organization.

For Microsoft staff this means learning to see themselves as providing solutions for education, with a sense of shared ownership (and shared risk and benefit) in desired educational outcomes, as opposed to being mere vendors or brokers of devices or licenses who do not identify with educational achievement. All partners involved in a partnership need to develop an appreciation for the current and planned investments in education and literacy. Gaining the necessary understanding for the partnership is certainly something that can and should be done together.

3. **HELP PARTNERS FOCUS ON AND DEAL WITH THEIR OWN CHALLENGES.** For Microsoft, government partners in many developing countries are dealing with a range of challenges, including lack of capability and expertise, funding deficits, corruption, and political interference.

Too often, country governments act for and on behalf of citizens rather than finding ways of working with them, and negative perceptions of government programs often result. This challenge of promoting more democratic forms of governance is usually beyond the mandate and aspirations of companies such as Microsoft. Other corporates can and should contribute to democracy and nation-building through an appreciation for the local political, cultural and economic situations and helping local partners understand how joint action with their own staff can make a difference. In practice this means walking a fine line between dealing with the challenges of working with the public sector without getting sucked into political intrigue.

4. **BUILD IDENTITY AND SELF-AWARENESS OF YOUR PARTNERSHIP WITHIN YOUR OWN ORGANIZATION AND THOSE OF PARTNER ORGANIZATIONS.** The partnership process must be managed in a strategic and self-aware way by advocates on all sides who see them as part of core business rather than an add-on. In other words, all must share responsibility for the partnership. Such an approach can secure internal organisational 'buy-in' while also securing 'buy-in' of a broader constituency concerned with improvement of education and literacy. Partnerships are effective also when they are defined and communicated in terms of their role and function, as well as their impact or outcome. This serves to identify, engage and support of both the partners involved and more distant government and civil society stakeholders.

5. **MEASURE PARTNERSHIP EFFECTIVENESS AND IMPACT IN DIFFERENT WAYS IN RESPONSE TO DEMANDS OF PARTNERS AND STAKEHOLDERS.** Even when all partners in a partnership are committed to sharing risks, costs and benefits, measuring those risks, costs and benefits effectively can be problematic. This is because profit and loss on the corporate side is relatively easy to measure, whereas the impact or value-added of a partnership to the government and civil society partners may not be so easy to measure. Any initiative or program undertaken might contribute to positive results, but it can be difficult to separate one program's impact from others being pursued at the same time. This measurement challenge is of crucial importance because continued investment in partnership efforts depends on it. Different partners will have different ways of assessing and communicating the added-value of a partnership. The stories of how different partners measure and communicate outcomes to their respective leadership and constituency are important for all partners and for understanding the contributions of the partnership as a whole. The key approach must focus, however, on demonstrating the added value of partnering in terms of both effectiveness and impact. The key question is: how did a partnership enable or deliver impacts that would not have been possible with a single-sector approach? Serafin et al. (2009) explore how to go about answering this question in a TPI-tool book currently under development entitled "Getting Better: proving and improving the value of cross-sector partnerships for sustainable development".

11. Where next with Microsoft's Cross-Sector Partnerships?

The Microsoft Partners in Learning example introduced above is an instructive example for those seeking partnerships across different sectors; Microsoft focused considerable time and energy on 'Partners in Learning' not only to drive universal access to digital learning, but also to build passion and enthusiasm for cross-sector partnering within its own existing organisational culture. This 'impact-and-passion-building' approach has lessons not just for other corporations, but also for government departments and civil society organisations seeking to engage partners from other sectors.

The Partners in Learning effort within Microsoft serves to promote positive normative practices that focus on delivering symbolic or intangible rewards, such as prestige, esteem and influence. The passion and engagement that employees within the company have for this effort stem from the notion that Microsoft is not just a 'good neighbour' and a 'socially responsible company', but that it literally is a force for good at its core because of its impact on increasing digital literacy rates around the world. The approach is long term and strategic in character. Those seeking to make organizations more 'fit for purpose' as partners in cross-sector partnerships must also look for ways to focus on efforts that tap into employee passion for the greater good while driving positive organizational impact. Such an approach will help cross-sector partners understand and meet the needs those of prospective partner organizations operating in different sectors.

All too often organizations are consumed with their own internal problems and challenges – whether they are government, business or civil society. Thus an important step for those seeking to push or shape their organizations into a more 'Partnership Ready' configuration is to find ways of transcending the day-to-day internal organisational issues and focus on a larger societal good, helping to unlock passion and productivity over the run. This is a key challenge facing many organizations and certainly deserves more attention from partnership practitioners.

In the case of Microsoft, the approach is to build up an internal 'partnership brokering' capability through systematic training/capacity-building of staff and civil society and government partners around the world. Partners in Learning illustrates how Microsoft has built an outward-looking attitude, seemingly diffusing power imbalances and promoting self-awareness of a public or socially-relevant mission into its core business operations that goes beyond business issues.

The benefit is that Microsoft has enabled the organisation to recognise and adapt to changing political, economic and cultural circumstances in which it operates around the world. Governments, individual ministries, civil society groups and international agencies reciprocate by building up their own capacities and capabilities for cross-sector partnering and so to enable them to extract maximum value from their existing and potential business partners. Bruce Dixon, a Partners in Learning board member, put it this way:

"One thing we have learnt in recent years is that education reform is not something one single entity, be it a government, an education department, a school district, or an individual school, can achieve on its own. In the past, we have sorely lacked the collective strength that the shared expertise of entities, such as NGOs and private companies through initiatives such as public-private partnerships can provide."
(Microsoft, 2007, p. 163).

12. Implications for partnership practitioners

Microsoft represents an example of a 'self-aware' partnership-centric organization, which operates both its business activities and its social investment in line with a partnership philosophy. The company has invested at an unprecedented scale in building up its capability for partnering over the past decade and spends over a third of its revenues on maintaining its partnership capability. The greatest effort and spend has been directed to developing the effectiveness of Microsoft's business model, which depends on collaboration of in excess of 700,000 partners worldwide. In recent years, however, emphasis has also been placed on partnering with international agencies, governments and civil society groups, especially through the Partners in Learning program. Business and social objectives are aligned through a "One Microsoft" philosophy, which nurtures and informs Microsoft's partnership-centric organizational culture.

The implications of Microsoft's partnership experience for partnership practitioners are several. First and foremost, Microsoft represents an example of unprecedented investment in building an organization's partnership capability both in relation to business and social development objectives. But can the Microsoft experience and approach to building a 'partnership centric' organizational form be replicated by other organizations – businesses operating in different industrial sectors, such as mining, retail or motor manufacturing, resource-poor civil society groups, government departments or international agencies. In other words, to what extent is the Microsoft approach to partnering related to the specific situation, market and available resources in the IT sector and the fact that it is dominated by companies such as Microsoft and its strong brand and mystique? .

The answer to this question is important for Microsoft, which needs not only to be an effective partner itself, but also needs effective partners in the civil society and government sector if the company is to extract maximum benefit from its investment in building up a partnership organizational culture. For civil society, government and international agencies, answers to the question are important because of the potentially large resources that need to be allocated to turning their organizational structures and processes towards a partnership-centric culture.

Secondly, granting that investment in building up a partnership-centric organizational culture will bring business and social development benefits that cannot be achieved with single-sector approaches, the question arises: what kind of investment is most appropriate for building up a partnership-centric organizational culture? How can such a culture be built up in a way that is cost-effective? How quickly can such an organizational culture be put into place? How might progress towards achieving such a partnership culture be measured or monitored? Where to start? What are the indicators that action is going in the right direction and generating desired impacts or results?

Many organizations around the world, especially those operating at the national or sub-national level do not have access to partnership expertise or resources. An important priority for partnership practitioners is thus to develop coherent and strategic programs of investment in assessing and building up the partnership capability of their organizations – tailored to the specific needs and circumstances of business, civil society and public sector. Microsoft offers a large-scale example of a decade long investment program from which many instructive lessons can be drawn.

A third implication relates to who can and should undertake or manage partnership building activities, both internally in an organization and externally with partners from other sectors, as well as with stakeholders and wider constituencies of those who will be affected. In the Microsoft situation, business managers and educational professionals have been at the forefront of building up the company's partnership capability. For them typically, partnership has been part of their remit, but their main focus has been on digital literacy, business development or some other thematic focus. The recognition that designing, building and managing partnerships is a skill and capability in its own right is something recent. The idea that 'partnership brokers' – individuals who are first and foremost engaged in the practical task of helping partnerships operate in ways that are effective in terms of process and impact – is a relatively new one. The role of the partnership broker in building up the partnership capability of organizations whether large multinationals or locally operating schools or civil society groups is thus very much a priority for further attention.

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