

# Collaboration Is More Than a Buzzword

Everyone talks about companies playing nice, but what does partnership actually mean?

**THE CO-FOUNDERS OF THE HILL-SIDE** were presented with what seemed like an opportunity they couldn't ignore. A national retailer approached the up-and-coming Brooklyn, New York-based menswear company to collaborate. The co-founders, brothers Emil and Sandy Corsillo, were intrigued: For a flat fee, the Hill-Side, known for its chambray ties and scarves, would hand over its small-batch textiles to be incorporated into one of the retailer's product lines. But the proposed partnership missed a key ingredient. "We wouldn't have had any real input on how the fabric was used, and we don't think of ourselves as wholesale suppliers," Emil says. "It didn't really feel like collaborating."

*Collaboration* is a term casually tossed around by companies to convey a more progressive kind of mutually beneficial relationship. According to a recent study by Warwick Business School, nearly 80 percent of businesses expect to spend "more time collaborating in the future." There's a compelling reason why: When its researchers examined more than 100 companies, they found that teaming up—even with rivals—boosted performance.

But the parameters of a collaborative effort can be as elusive as the term is elastic. If you don't define exactly what a collaboration means to you—what you plan to give and receive—it can turn into a massive distraction. These entrepreneurs have figured out how to turn cooperation into a serious growth opportunity. —KATE ROCKWOOD

## ACT LIKE AN EQUAL

A true partnership means establishing up front that it won't be lopsided, says Lisa Falzone, co-founder and CEO of point-of-sale software firm Revel Systems. When Intuit and Apple separately approached her for collaborations in 2014, "we had a lot of pressure during both deals to bend on economics—including from our investors—but I didn't want to sign up for something we'd be losing money on, even if it gave us a huge amount of recognition." To get an equal seat at the table with her larger counterparts—integrating Revel's capabilities into Intuit's QuickBooks software, and building an all-in-one POS iPad system for Apple—Falzone pushed back and struck two agreements she felt were fair. "In the long run, other companies will respect you more," she says.

## IN THE TRENCHES TOGETHER

Last year, GED Testing Service approached PathSource to integrate the career-management startup's tools into the 75-year-old testing giant's website.

PathSource made clear it wasn't a transaction but the beginning of a relationship. "The question became: How can we set up an iterative process so we can start with a good but imperfect product and make it better and better?" says PathSource co-founder and CEO Aaron Michel. The teams met to hash out how they would define success, which metrics would be tracked, and contingency plans. When, after launch, they realized users were not making it all the way through the career-

## NEW FRENEMIES

According to a recent PwC study, 27 percent of CEOs are considering or are already working with a competitor in some type of partnership.



## Toyota + Ford

To fend off tech giants Apple and Google—which are trying to make inroads to the auto industry—this year Toyota teamed with Ford to integrate Ford's apps platform into its cars.



## TRANSFORMING VENDORS INTO COLLABORATORS



Robert Brunner, Apple's former director of industrial design and founder of San Francisco-based design firm Ammunition, has paired up with everyone from Dr.

Dre to Silicon Valley upstarts like smart-appliance company June. Brunner shares his advice for elevating your company's role from vendor to collaborative partner.

### DON'T BE AFRAID TO GO ALL IN

"For a long time, I worked in a pure fee-for-service model, and I still have people who just want to hire a designer. That's fine, and we do have those clients. But I know that when we have skin in the game—equity in the company or a royalty share on the back end—we do better work. It makes us look deeply at the company's business, and we can push people to make decisions and drive products out the door. Collaborating does a lot to change the dynamics, so both sides have to want to work this way."

### SIZE UP THE PEOPLE, NOT JUST THE PROJECT

"People think a great collaboration is all about a compelling idea. Yes, that's part of it, but there are a lot of compelling ideas that come in the door. Ask yourself: Are these great people? Do they seem committed? Is there mutual sharing happening? It's super important, beyond the tangible stuff, that there be a human connection."

### CREATE A FLEXIBLE FINANCIAL MODEL

"When we collaborate with a company, sometimes it's an investment and sometimes it's a convertible note that gets turned into equity at a later round. We've noticed that our involvement has value with the VC community as a de-risking factor, so early-stage companies can use our name to raise money. When we want to collaborate with a company, we'll see if it's interested, and then talk about how to structure the financial arrangement."

assessment tool, the teams were able to quickly tweak user flow. "Because we had the process mapped out, we could roll out the new version faster," says Michel.

### BE BRUTALLY HONEST ABOUT YOUR GOALS

A few years after the Hill-Side turned down the national retailer, it was courted by furniture retailer CB2, which wanted to collaborate on a limited-edition collection. This deal met the Corsillos' creative and financial standards:

The Hill-Side would design bedding, furniture, and home accessories with CB2's team and receive a sizable design fee up front along with a royalty on every sale. When the collection hit stores in January, it exceeded projections by nearly 10 percent, and many of the products quickly became bestsellers within their categories. "I feel like it gave me a new perspective on collaborating," says Emil. "But working so well together started with us valuing our own time and ideas."

Illustration by NOMA BAR

### Microsoft + Dell

Even as their competition was heating up—Dell pushing into the cloud, Microsoft launching its own tablet—Dell announced last year that it would sell Microsoft's Surface Pro 3 tablet to corporate customers.

### Lyft + General Motors

After GM invested \$500 million in the ride-sharing service, the two unveiled a car-rental program to recruit Lyft drivers whose own vehicles don't pass muster, which has been the startup's biggest challenge.

### Princeton + Stanford + University of Pennsylvania + University of Michigan

Any one of these universities could have launched edtech startup Coursera alone, but building it together helped attract VC interest while distributing the risk.