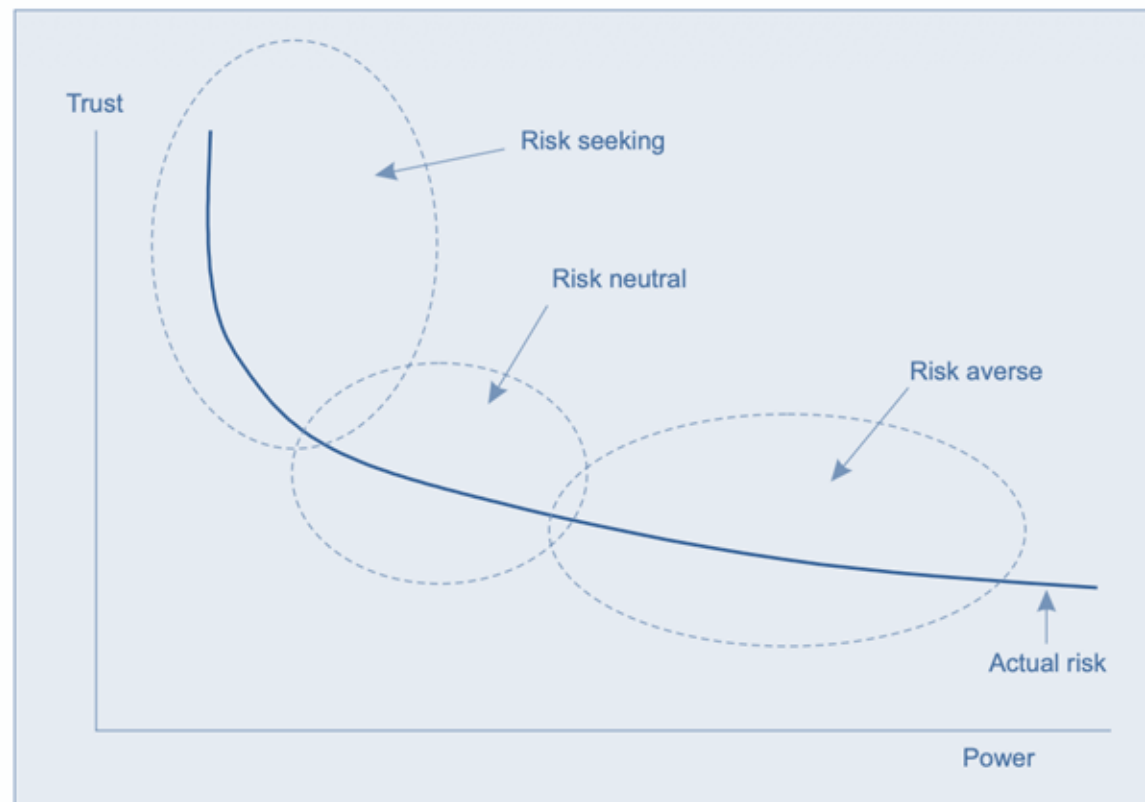# Trust & Power

OVERVIEW

Alliances and partnerships involve risk because each organization gives up some control and depends on the other party. To manage this risk, two elements matter: trust and power. Trust means believing that the partner will act honestly and responsibly. Power means having the ability to influence decisions and control outcomes.

These two are closely linked when trust increases, risk also increases, especially when sharing sensitive and confidential information. Power helps reduce risk by providing control over the partnership. Every alliance requires a balance between trust and power. Too much trust without enough control can increase risk, while the right balance helps partnerships work effectively and safely during the partnership agreement.

HOW TO APPLY IT

❑ Clearly define the purpose of the alliance, the expected outcomes, and the areas where control, decision-making, or resources will be shared with the partner.

❑ Assess the level of trust required to collaborate effectively, including information sharing, joint decision-making, and reliance on the partner's capabilities and intentions.

❑ Establish power and control mechanisms through contracts, governance structures, escalation paths, and clearly defined decision rights to protect strategic interests.

❑ Identify and assess risks arising from dependency on the partner, loss of control, data sharing, and potential misalignment of objectives.

❑ Adjust governance, controls, and oversight mechanisms to balance increased trust with sufficient power to manage and mitigate identified risks.

❑ Monitor alliance performance, trust levels, power balance, and risk exposure regularly, adjusting arrangements as the partnership, market conditions, or strategic priorities change.

EXAMPLE

Microsoft–OpenAI Partnership

❑ Alliance purpose defined: Microsoft partnered with OpenAI to accelerate AI innovation and embed advanced models into its cloud, products, and enterprise offerings.

❑ Trust established: Microsoft trusted OpenAI's research capability, talent, and ethical intent to lead frontier AI development responsibly.

❑ Power mechanisms set: Microsoft secured power through multi-billion-dollar investment, exclusive cloud hosting on Azure, and structured governance rights.

❑ Risk identified: Microsoft accepted risks related to dependency on OpenAI's roadmap, reputational exposure, and regulatory scrutiny around AI safety.

❑ Controls balanced: Power was exercised via contractual safeguards, compute control, and board-level influence to offset high trust levels.

❑ Ongoing monitoring: Both parties continuously reassess trust, control, and risk as AI regulation, competition, and public expectations evolve.