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COVER STORY

Partnering with a Purpose: Does Your Company Pass the Strategic Readiness Exam?

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In this day and age of corporate downsizing or rightsizing, call it what you will, there is a significant by-product that is being created within all organizations. The corporate "skill set" is being diluted and there are fewer and fewer resources to call upon internally to get the job done. When you couple this situation with the current economic conditions, it only serves to make new business development a more difficult task than ever before.

If this sets the stage for business today in corporate America, what are our options for effective business development and what are we really capable of accomplishing? The well-managed organization will call upon their key employees and management to do "more with less", but is that the answer? We contend that doing "more with less" and having stretch objectives is only part of the answer; the rest of the answer lies in taking a look in the mirror and conducting a corporate self analysis in terms of goals, objectives, mission, vision and what is realistically possible. This process is not easy and even the best of companies would prefer to look outside of the organization rather than take a hard look at themselves. Whether it's the competition or comparable industries, it's always easier to look outside!

As we consider our options today, one that routinely comes up in virtually every senior management meeting is strategic partnering or building a business alliance relationship with a similar company. Our research and experience indicates that there are many informal partnering relationships that exist on a "hand shake", but the structure of these relationships is usually taken for granted and very seldom understood throughout the entire

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organization, especially by senior management. We have often found that what many companies consider to be a strategic partnering arrangement simply exists at a middle management level and is only accessed by a few people within the company. One must question the true value of any such relationship and then ask the question; how can we embrace *"Partnering with a Purpose"* and work this relationship vertically within both organizations?

Partnering with a Purpose takes commitment, understanding, a willingness to look in the mirror and perhaps most significantly, the ability to embrace new business development opportunities in a non-traditional fashion. Sound difficult? Well it is and it will challenge the very core, history, culture and methodology of even the best-managed organizations for it's all about change and opening your organization to another in the true spirit of partnering. The results of an effective, well-structured strategic partnering model can translate into significant gains for both organizations, but it does not come without recognizing that both companies must be willing to embrace change and trust one another with no hidden agendas. Otherwise the partnership is doomed to failure!

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A Real Life Example

Consider the following very typical example of a sales performance review with your manager: Your most recent annual performance meeting with your boss has gone extremely well. Sales are ahead of plan and generally up across the board with each of your strategic accounts. You've earned and received an improved pay structure as well as some additional responsibilities. Remember—"doing more with less" is expected.

Along with the natural expectations for additional penetration of existing accounts and the initiation and development of new accounts, you have been asked to investigate and implement a strategic partnering initiative on behalf of your company.

Thinking about who you do business with today, coupled with scanning the SAMA library leads and white papers, you find many helpful articles written by consultants and practitioners on the subject of strategic partnering. After reading many of them, you are convinced that a properly conceived and implemented strategic alliance initiative can produce the results that are expected of you by management. But now for the $64,000 question: Where do I start, how do I start and with whom do I get involved? We would encourage you to ask yourself at this time, how would you handle this situation and who in your organization would you call upon for direction, support and assistance?

At this point, it is natural to want to charge ahead into the implementation phase of your initiative. After all, results are what count. Wouldn't it be a benefit, though, to learn from the mistakes of the professionals who have been down the road ahead of you? There is a high rate of failure in the implementation of strategic alliances. There are many reasons why strategic alliances fail. At the end of the day, however, all of the reasons can be traced back to one overriding cause: **lack of organizational readiness**. Strategic partnering takes a basic set of individual competencies and organizational processes and elevates them to a high level. In a perfect world, all of these factors would be in place at your company, just waiting for you to put them into motion. But are they? The likely answer is "No".

Partnering Reality

Without a doubt, the popularity of business alliances and strategic partnerships today is higher than ever before, but this fact must also be tempered by the harsh reality that 9 out of every 10 partnerships that are developed fail! This is a staggering statistic, but only proves to reinforce the point that if you are going to expend the effort to create a formal strategic business alliance, you had better take the time to make the right moves and take the right steps!

One of the basic reasons why strategic partnerships seem to be so much in vogue today is the simple fact that companies think of these relationships as an avenue for "quick hits" or "low hanging fruit", particularly given the fact that their own resources have been cut back and restrained. We have all heard these expressions before and they couldn't be further from the truth.

We have already addressed the fact that 9 out of every 10 new business partnerships or alliances that are formed today fail. There are some key reasons for this failure rate and when these reasons are fully understood they can become your blueprint for successful strategic partnering or your *"Strategic Partnering Readiness Exam"*. Are you and your company ready to take the test? This exam is based on compiling and categorizing the results of both successful and failed partnering initiatives. It will point out the key reasons why some alliances fail, and give you the concrete steps that will improve the readiness of your team and increase your odds of success.

The Strategic Partnering Readiness Exam

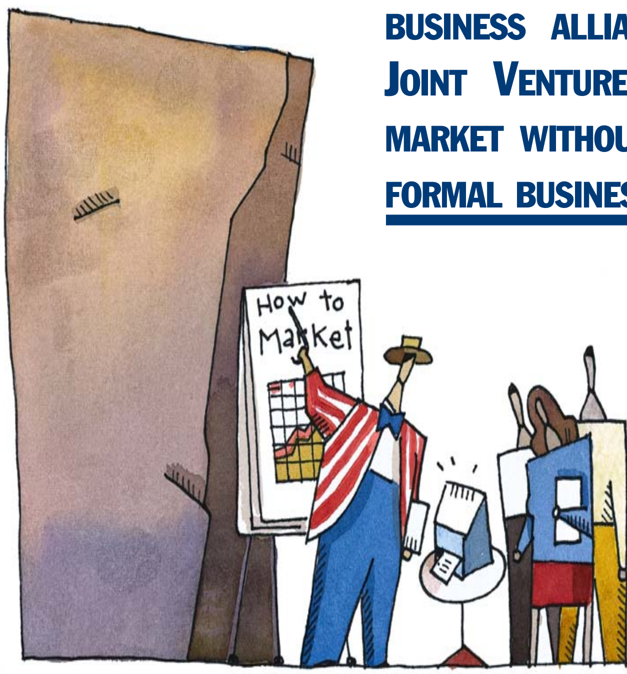
Question 1: Does your Senior Management team embrace a common understanding of the definition of Strategic Partnering and its expected results and more importantly, are they willing to get involved in the process? If the CEO views partnering as a key component for international expansion and is willing to wait a reasonable amount of time for the partnership to become profitable, but the CFO is pressuring the VP of sales to achieve some profitable "quick hits" in the next quarter, you have all of the makings of a failed initiative. Your job as the champion is to make sure that all of the key decision-makers agree on expectations before the initiative begins.

Question 2: The "trust imperative" question. Can your company, once the proper non-disclosure and confidentiality agreements are in place really operate with a true trust imperative? This means operating with no hidden agendas and a full and complete sharing of all corporate information, including P&L statements, corporate processes and competitive intelligence. Trust is one of the key corporate competencies that will make or break your initiative.

Question 3: Can you and your company avoid the "hidden agenda" syndrome? Are you willing to openly share and exchange all necessary corporate information that supports a collective business development strategy or will personal egos get in the way? Most failures related to this question happen because the champion did not enroll key players in the organization to support the program. Involving such key players leaves no room for personal egos to get in the way of business development strategy.

Question 4: Is your company willing to make the necessary investments to train and educate your strategic partner? You must enable your partner to be comfortable in talking about your organization and the benefits of your company. Without equipping them with the "elevator speech", how can you expect them to be successful in presenting your value proposition to their clients? Furthermore, please keep in mind that the training and education process is not a one-time event, but an ongoing commitment, which must be worked vertically within both organizations.

Question 5: Are you and your company willing to develop an open communication exchange with your partner? The proper communication and dialogue exchange must be frequent, often, organized and directed at all of the right people. One of the key components to a successful partnership is the communication linkage that is created between members of both organizations. Start communicating and keep communicating!



THINK ABOUT YOUR NEW STRATEGIC BUSINESS ALLIANCE AS A NEWCO OR JOINT VENTURE. WOULD YOU GO TO MARKET WITHOUT FIRST STRUCTURING A FORMAL BUSINESS PLAN?

Question 6: The sixth question really deals with resource commitment and simply stated asks: Who's in charge? The real issue here is the willingness of both companies to commit the necessary internal resources that will ultimately afford this alliance the best chance of success. At the core of this is accountability!

Question 7: Have you developed the right strategic business plan to support the alliance or partnership? Think about your new strategic business alliance as a Newco or Joint Venture. Would you go to market without first structuring a formal business plan, with mutual goals, clear objectives, expectations and a mission and vision statement? As a part of your planning process, don't forget to address the financial commitment and expectations.

Question 8: Are you setting up your partnership with assigned responsibility at various points but without individual accountability? Responsibility without accountability will not make the cut and the responsibility within both organizations needs to be shared with all of the key players.

Question 9: Where are the points of linkage between the 2 companies? If the answer to this question is between 1 or 2 individuals, the partnership is doomed to failure. Your initiative will experience a total breakdown in communications when the ownership is clearly not being shared within the organizations. Remember to work vertically as well as horizontally to gain maximum traction and optimal results. Everyone in the organization must have an awareness of the strategic partnership and what it means to both companies.

Question 10: How do you avoid the *"not invented here"* syndrome? This has been the failure of many business alliances that at the start showed promise and potential. The typical cause of this really falls into three camps:

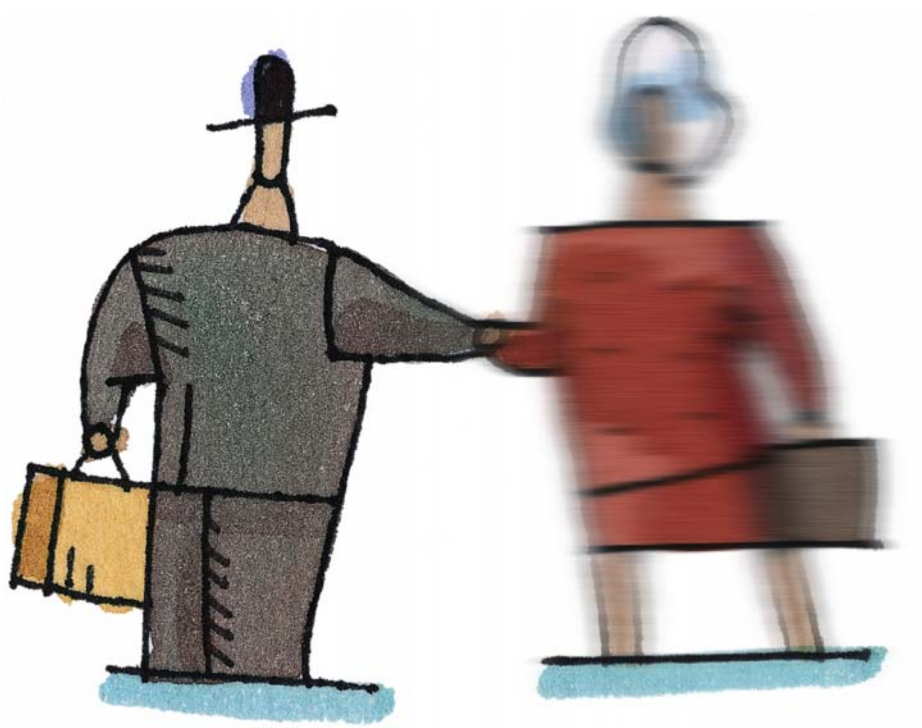
1) The egos of certain individuals with one or both companies,
2) The lack of assigned responsibility and accountability and
3) The silo mentality and turf issues that always seem to come up and try to derail a good initiative!

These can all be successfully avoided provided you follow and embrace the rules of engagement and treat this opportunity as a new business development vehicle.

Some Final Rules of Engagement

- Market and merchandise everything positive that you accomplish within the alliance structure. Share with each other and most importantly, share with your customers. The customer must clearly understand the benefits of why you have joined forces with another company. You must be able to answer WIIFM (What's In It For Me?) for your clients.
- Think about this new relationship in a non-traditional fashion. Don't treat this as business as usual, for that will not enable the alliance to reach its true potential. Look at the new alliance as a stand-alone entity, develop a compelling value proposition to support it and be sure that the purpose and intent of this new relationship can be clearly understood by the client. If the message is not uniquely different it could cause customer blur!
- Remember, at the end of the day, people do business with people and the strategic partnering approach is all about leveraging the tenured relationships that exists within both organizations and offering them a better value proposition.
- Never forget that your partner is an extension of your sales and marketing team, so treat them as you would another employee or associate and finally,
- Don't forget to celebrate your success and have some fun along the way! This is the fuel that keeps the partnership growing.

As we said at the beginning of the article, given today's competitive business climate, combined with the continued downsizing of most companies within our industries, more and more companies are thinking about strategic partnerships as a new and viable business development vehicle. While we encourage and certainly promote this type of thinking, we are simply suggesting that you be fully aware of what you are getting in to, the expectations of the process and most importantly, the resource commitment that must be made in order for the alliance to be successful and make a difference in your business.



IF YOUR RELATIONSHIP WITH A NEW ALLIANCE IS NOT UNIQUELY DIFFERENT IT COULD CAUSE CUSTOMER BLUR!

For more information contact The Linkage Group at 513-779-3437 or visit www.thelinkagegroup.com.

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