



STRATEGIC PARTNERSHIPS

Paving the way
to infinite possibilities.

by Robert L. Wallace

“Business once grew by one of two ways --- grass roots up, or by acquisition. Today, businesses grow through alliances --- all kinds of dangerous alliances, joint ventures, and customer partnering, which by the way, very few people understand.”

- Peter F. Drucker, management guru

After graduating from the Amos Tuck School of Business Administration at Dartmouth College, Evelyn quickly bought into the glamour and lure of the big and quick money to be made on Wall Street. She gladly accepted a job with a major Wall Street investment bank and began building her investment banking career.

It did not take long for her to realize that she would most likely never reach her potential within the “good old boy” system of unearned privilege.

Her plan was to take her experience, education, and skills in investment banking and parlay them into her own boutique investment banking firm. Evelyn’s work as an investment banker on Wall Street had taught her to be quick, decisive, bold, creative, and formidable in her business dealings. Unfortunately, it had also ingrained in her a rugged and focused, yet misguided, individualism that fostered the idea that she could only be successful on her own.

And with that, Evelyn’s company was quickly going down a torturous path to destruction.

Why do so many business owners stubbornly resist the proven benefits of strategic partnerships and business alliances? A detailed review of these two areas would be valuable to the entrepreneur who is serious about building a business by leveraging strategic partnerships and business alliances.

Why Are Strategic Partnerships So Critical?

One of the most powerful tools available to entrepreneurs for rapidly building and expanding their businesses is the use of joint ventures and strategic partnerships. Done well, strategic partnerships provide both participating businesses with a chance to learn and benefit from each other, enabling them to achieve results neither could achieve alone.

Effectively utilizing strategic part-

nerships makes it easier for the clear-thinking entrepreneur to use the rate of change and the emerging customer-based economy to her advantage. The more strategic partnerships she engages in, the better she becomes at creating and benefiting from them.

A Proven Roadmap

Having a map to follow, especially the first time you journey into strategic partnership territory, is extremely advisable. The following 12 Step Strategic Partnership Model, adapted from my book, “Strategic Partnerships: An Entrepreneur’s Guide to Joint Ventures and Alliances,” helps entrepreneurs understand all the steps that are necessary to establish a viable and successful strategic partnership.

1. Trust is the Foundation.

Quality, not quantity is the rule to follow when creating a strategic partnership. The greater the differences between the companies, the stronger the

bond of trust that must be forged.

2. Get Your “MOGO” Working.

Successfully bringing a team together requires that each potential alliance member is clear on the strategic partnership’s MOGO (mission, objectives, goals, and opportunities).

While it is tempting to rush through this part of the strategic partnership model, differences and potential concerns can quickly be discovered and minimized when the partnered companies take the time to define and clarify all parts of the MOGO.

3. Understanding Your Client’s Pain.

Successful business development managers realize that the first thing they must do when establishing a new account or expanding an existing one is to determine where the client is feeling the most “pain.” What business issues keep the client up at night? Maximizing the team’s client-pain knowledge requires the partnership to master the politics of the environment, thoroughly study its client’s business, and even become a student of the business climate.

4. Know Yourself.

As you work with your potential partner to define the mission, goals, and objectives, and as you identify the customers and the products and services of the partnership, you should also conduct a thorough analysis of your own organization to determine whether you have the capability to fulfill your part in the proposed joint venture.

5. Know Your Partner.

Just as it’s important to know your own organization thoroughly before entering into a joint venture, you also need to know all about the organization you’re considering as a partner. Be vigilant in assessing your partner’s LLIFT (likeability, longevity, interest, financial strength, and work timeline) before you convince yourself that the partnership would be mutually beneficial.

6. Perform 360° Review.

Today, there is an abundance of public and private information about people and companies. You will be amazed at what you can find by searching the Internet. Information may also be found through government agencies, the competition, the company’s internal staff, and strategic stakeholders.

7. Avoid Being Crushed by the Boulder.

Whenever small businesses attempt to team with large corporations, they always risk being steamrolled by the larger company. This can be minimized if the smaller partner becomes a “student” of the large company and successfully finds a niche that makes the small business necessary and essential to the overall success of both companies.

8. Determine the Alpha Project.

No matter how much business owners talk to each other about strategic partnerships, the fact is that nothing happens until something happens. Even if the initial project is small, you need it to be well defined.

9. Maintain Independence.

Unless you are planning to completely and permanently integrate your company with another, you must maintain a certain level of independence from your partner so that your company can continue to grow and prosper beyond the joint venture’s conclusion.

10. Embrace the Porcupine.

The first step is to develop an atmosphere of support and mutual respect. From this baseline, differences are leveraged, not feared. Disagreements occur, but can be resolved in a way that benefits both parties. Those enterprises that promote unity and mutual gain are empowered and rewarded.

11. Understand the Legal Options.

Strategic partnerships come in many legal forms. While a lot of this can be left to lawyers, there are legal issues that you should understand before you

sign on the dotted line. Be careful not to bring the lawyers in too soon on the deal. Spend some time up front working on the relationship, and then ask the attorneys to bring legal structure to the relationship.

12. Understand All Potential Transition Strategies.

The natural progression of business, like life, is to go through cycles. The relationship will not, and cannot, remain the same. Planning for the exit transition at the outset of the relationship is essential so that there are no misunderstandings when the partnership nears the end of its useful life.

When Losing is Winning.

One final note: It takes a great business man or woman to understand that losing is truly winning in the long run. In order to create effective strategic partnerships, each participant must lose some measure of control to make the partnership work.

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