

TRG LEADERSHIP TOOL

"Practical Means for Dealing with Difficult Times"

On an ongoing basis, this section of our site will feature business tools and planning considerations designed to assist leaders for whom "just keeping up" is not good enough. These notes will focus on sequences of thought and action intended to enhance the positioning for your group, both on a long and short-term basis.

Please check back frequently to review the next tool. Visit our [Leadership Tools Archive](#) for previous tools.

BUILDING STRATEGIC ALLIANCES

The Nature of the Strategic Alliance

A Strategic Alliance is the means of leveraging the normal, ongoing activities of two or more groups to increase each group's influence in relation to selected (ideally targeted) segments of the marketplace.

Purposes

There are several purposes for a Strategic Alliance, these can include:

- Broadening the reach of each Strategic Partner's recognition and message
- Reducing the unit costs for each Strategic Partner related to research, outreach, production and distribution / fulfillment
- Developing a common and expanded base of influence

Ideal Strategic Partnerships

Organizations should consider entering a Strategic Alliance carefully while also developing criteria for the types of groups they wish to engage with. Some examples can include:

Groups which provide:

1. Complimentary services to the same clients

Examples:

- Building maintenance and systems support
- Legal services and accounting services
- Shoe repair and dry-cleaning
- Research and planning

2. Similar services to differentiated clients

Examples:

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- U.S. product distribution and international product distribution
- Residential cleaning services and commercial cleaning services
- Personal tax preparation and small business tax preparation

3. Similar services to clients with compatible goals

Examples:

- Grassroots lobbying regarding pirated imports for textile manufacturers and CD manufacturers
- Land-use regulatory advise to a municipal airport and a regional water commission
- Training of children in music and training of children in dance

Basic Principles

Once a decision has been made to enter into a Strategic Alliance with an organization, the parties should establish joint basic principles and guidelines to manage the Alliance. Some examples of these include:

Cooperation - Strategic Partner must cooperate by:

- Taking active steps to be aware of each others functions, resources and needs
- Communicating with each other on a regular and preferably cyclical basis

No Interference - Strategic Partners cannot direct each others efforts:

- The Leadership of each Partner must communicate this concept internally to their own groups regularly

Mutual Respect - Strategic Partners must respect each others relation to their respective clients through:

- Specification of client differentiation and respective services

Development Considerations

Organizations must consider several factors prior to entering into a Strategic Alliance and how each factor will affect the working relationship of the parties as well as the day-to-day operations of the organization. Some examples of development considerations include:

Synergy of purpose:

Examples: A hardware manufacturer and software developer jointly creating a transportation management system

Common requirements:

Examples: The funding and management of an electronics standards body

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Economy of scale:

Examples: The creation of a pharmaceutical research consortium

Strengths:

- Diversity of resource and approach
- Common voice

Weaknesses:

- Governance complicated by separate group interests and individual self interest

Typical problems:

- Allocation of cost
- Division of revenue
- Both Authority and Responsibility to speak
- Both Authority and Responsibility to take action
- Response time
- Selection of targets and work
- Anti-trust considerations

Forms of Strategic Alliances

Just as they can be developed for various purposes, Strategic Alliances can take many forms. Some examples of these include:

Common forms:

- Joint research and development projects or corporations
- Purchasing co-operatives
- Maintenance consortia
- Trade and professional associations

Typical projects:

- Extended or common system software development
- Construction of infrastructure
- Drafting of standards
- Advocacy before legislators and regulators

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Sequence of Joint Development (Primary Steps)

The following is a primary suggested sequence of development steps to follow once a Strategic Alliance has been agreed to. The list is primary and should serve as a basic roadmap for navigating the new relationship between the parties.

1. Designation of liaisons
2. Agreement as to decision mechanisms
3. Clarification as to the common market / community segments being targeted
4. Determine joint resources and methods available
5. Establish of the full range of prospective common results to be sought
6. Agreement as to the working outcome being sought
7. Establish a schedule of joint activities and individual initiatives
8. Establish information release methods and sequence
9. Drafting of a common message
10. Testing of common message
11. Write the results of all of the above into a draft plan
12. Establish a full schedule of review
13. Secure and document the approval of each Partner
14. Formal launch
15. On an ongoing basis, follow the plan as a checklist, measuring regularly and adjusting targets at designated intervals as conditions change

For additional information regarding Strategic Alliances, please visit our [Contact Page](#) and send us an Email or simply call us directly during East Coast business hours on our toll free number 1.800.97-REGIS (1.800.977.3447).