

Maximizing Strategic Alliances

Strategic alliances are a worthy tool in the stable of options available to small and mid-sized companies seeking to compete against larger companies with greater resources and market presence. A strategic alliance allows companies to combine their offerings and elements of operations and costs, in order to deliver a unified, broader offering to consumers. The challenge is to identify the appropriate strategic partner and implant the proper processes for joint operations and communications, so that the maximum benefits can be derived by all parties.

There are a number of points to keep in mind when considering a strategic alliance. These include:

- If executed properly a strategic alliance becomes stronger than the total sum of its parts because of its ability to deliver products or services on the level of a larger company.
- Strategic alliances require a match between companies that share not only a commonality of targeted market and compatibility of products, but also similar cultures.
- Strategic alliances are not marriages and you should not feel bound by any one agreement. Certainly you cannot contradict an existing agreement or infringe on the benefits your partner is deriving (because they will cease being your partner). But you can find additional partnerships that bring you value in areas the other agreements are not serving.

Tudog has five guidelines you should consider for the enhancement of your strategic alliances. They are:

1. Create the Ultimate One Stop Shop

The challenge to the small or mid-sized business is centered on the limited extent to which it can deliver a complete line of products or services to its market. The larger companies are able to offer a wider range of options, and therefore are often preferred. The strategic alliance should be formed to grant your company and your alliance partners with the ability to deliver as broad (or broader) set of products and services as the large competitor.

2. Simplify the Customer's Experience

A potential pitfall to a strategic alliance is that the customer finds it difficult to navigate the various demands and processes of the partners. You need to make your alliance seamless to the customer. The processes of fulfillment, the billing and receivables, the customer service, and all other aspects of customer interaction have to be completed on behalf of the entire alliance and without consequence to the customer.

3. Support Everything

Again, a challenge to dealing with multi-vendor partnerships is the need to interact with multiple parties for support or service. Each member of the partnership has to have the capacity to support every aspect of the overall offering. This can be achieved through

cross-training or the placement of an employee on the partner's premises. In either scenario, the result is that the customer deals with one source for all the products and support, without having to hear "that part comes from our partner, we'll have to go through them to get it serviced".

4. Partner with the Best

It may seem like an odd point to be making, but you should only be partnering with strong companies with excellent reputations and cultures that match your own. The companies you partner with become a reflection of you in the marketplace, interacting with your customers and representing your products. You need to make sure you can trust them with these assets and make certain that they have the track record and capabilities to maintain and enhance your good reputation.

5. Set Up the Right Support Systems

There are operational and communication demands that will be placed on the alliance. The best way to deal with them when they arise is to have dealt with them before they pop up – meaning that in your planning and structuring of the alliance you constructed scenarios and responses and have the processes in place to deal with all possible situations.

Strategic alliances let you go from small to big without the risks and costs associated with rapid expansion. You can gain market share, competitive advantage and new exposure through an alliance. These are all good things, making strategic alliances a good thing - as long as they are implemented in a comprehensive manner and managed well.