



## Selecting a Strong Partner

A fundamental step to make your alliance successful

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## Selecting a Strong Partner, a fundamental step to make your alliance successful

Laurel and Hardy have never been forgotten. They still are one of the most successful and beloved comedy teams in cinema history. At first glance, the two were a real mismatch. Laurel was thin and childlike onscreen, while Hardy was heavy and haughty. Laurel was a focused comedic strategist, while Hardy was more easygoing. Laurel was the creative engine of the partnership, creating storylines and gags, while Hardy was the better, subtler actor. Laurel recognized this, and he tailored his scripts to his partner's strength. Perhaps it was this complementarity that made their partnership so successful, lasting nearly 30 years.

When forming a strategic alliance, it is fundamental to choose the right partner. Unlike in transactional deals or a merger agreement, you will have to live and work together with your partner long after the deal is signed. Of course when you are merging, there are other challenges, but remember that the partner basically disappears after a merger.

Working with business leaders, I experience that often a partner is chosen immaturely. Some companies build partnerships which are purely based on corporate friendships or they build a partnership without seriously looking at alternatives. Some customers approach me with a request to help them reach out and build a partnership with a specific (often very famous) company. Although it might look like a tempting target and an obvious opportunity, it is important to first take a step back. Why do you want this partnership?

Before looking at potential partners it is fundamental to have a very clear view on your **organization strategy**. What are the goals for your company: Do you want to enter a new market? Bring down costs? Develop a new product in order to be more competitive? Do you want to create more visibility?

Once you know WHAT you want to achieve, you can start thinking about the HOW. Can you do it alone? Do you have the capacity and the inhouse talent? If not, what does it take to get to that level? When defining your **alliance strategy**, you basically have 3 options: doing it alone, buying it or collaborating with another company. Those are strategic decisions, so it is very important to have internal consensus and executive buy in before you move on.

Let's look at an example: if you are thinking to enter a new territory where nobody has heard of you, rather than trying to conquer this market alone, it might be good idea to partner with a local company with complementary products and a strong brand. But on the other hand, if you are offering a very unique product for a niche market, and you have the necessary sales & marketing tools, it might be wiser to go-to-market alone.

Every situation is different and there is no one-fits-all answer but there are some principles that apply to every strategic alliance or partnership. One of those principles is that you have to carefully select your partner. Before approaching a partner, you want to be sure that there is a good probability that the partnership will work.

When selecting your partner, you need to take several aspects into consideration. By using the **Expandify™ Strong Partner Analysis** we assess whether there is a good fit between you and a possible (or current) partner by looking at it from 6 different angles. All 6 angles are important and require a careful analysis.

## Expandify™ STRONG Partner Assessment



**Strategic Fit |** There needs to be a match between the strategic goals and long-term objectives of you and your partner. If there's no strategic fit, your partnership risks to be very short-lived.

**Total Picture |** When evaluating a possible partnership, it is essential to have a clear view on the complete eco-system and understand how a partnership would influence this. You don't want to harm existing relationships or jeopardize better opportunities.

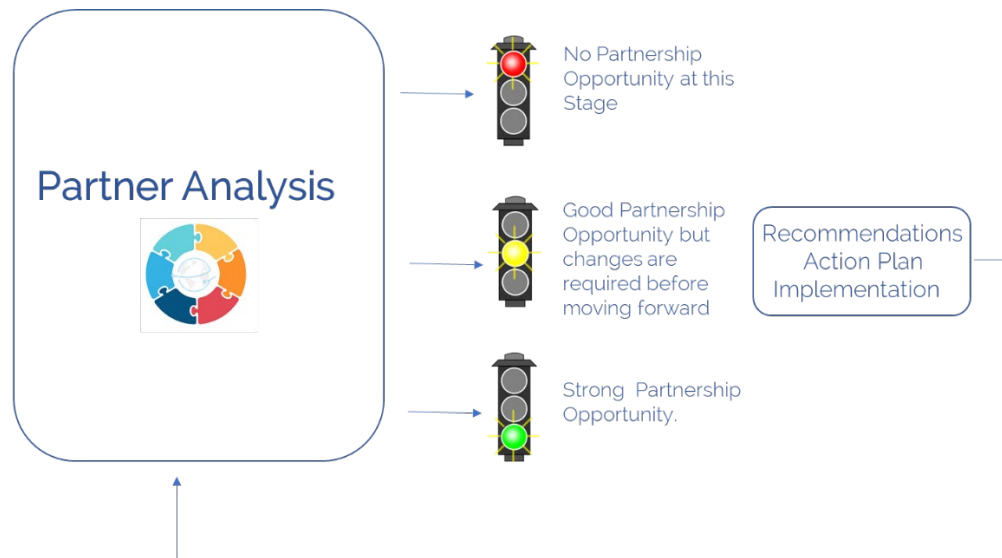
**Relational Fit |** There also needs to be a fit on a relational level. You need to talk to the right people and the people involved need to trust each other. Talking with the wrong people can make you lose a lot of time (and money)

**Opportunity |** It is necessary to know what this partnership will bring for both you and your partner. If you are not able to create value which is greater than what both of you could achieve alone, the game is simply not worth the candle.

**Need |** You also need to make sure that there is a need for the partnership that you are building. Will there for example be a market for your jointly developed product. If there is no need, you risk that your venture will be irrelevant and a giant waste of money.

**Governance |** And last but not least, once you have identified how you can collaborate you need to formally agree on how you will put those ideas into practice. You need to design and manage your alliance in a way that enables you to actually create the joint value.

Once the assessment is completed, not only will you have a clear view on the chances of success when forming an alliance with that partner, you will also know exactly what aspect still need improvement in order to enhance the chances of forming a successful partnership.



Some things are harder to improve than others. If for example the strategic goals of both companies can't be aligned or if there is no added value, it is wiser to stop pursuing a collaboration and to start looking for alternatives. On the other hand, if everything shows that there is a great opportunity to partner, but you haven't identified yet the right stakeholders at the other company, well that's something you can work on.

## Success Story : The Senseo Alliance



The alliance between Philips and Sara Lee is an example of a perfect match between 2 partners. In 2001 both companies joined forces with a mission to enhance the coffee drinking experience in everything from preparation to serving. Philips produced an innovative coffeemaker and Sara Lee developed coffee pads for it... Senseo was born.



There was clearly a **strategic fit** between Philips and Sara Lee. Their common goal was to reinvent the saturated coffee market. Together they introduced Senseo: the concept of making a cup of coffee instead of making a whole pot, creating more coffee moments during the day. Looking at the **total picture**, they understood that they needed a fast introduction in order to get a head start. By bringing the Senseo machine to market at a low price they quickly built a large installed base, before competitors could act. The big money would come from selling the coffee pads. Philips agreed to low margins on the coffee machines as they shared in the revenues from the coffee pad sales. There was also a strong **relational fit** from the beginning. Both companies took time to build the relationship and to exchange ideas before formally starting negotiations. It is clear that there was a strong **opportunity** for both partners to collaborate. They offered complementary products and needed each other's expertise in order to launch Senseo. The enormous success of Senseo shows that there was a real market **need**. The concept of making a whole coffee pot was outdated as there are more and more single people. And isn't great to make a freshly brewed cup of coffee every time you feel like? The alliance structure they developed is an example of great **governance**. They developed international steering committees and introduced new sales organizations and agreed on decision making and communication processes.



Collaborating with a strong partner can be a great way to bring your company to a next level. It is essential that you first define what you want to achieve and that you select very carefully the partner you want to work with. A great idea is not enough, you need to take essential steps in order to form a partnership that will not only look good on paper, but that will also bring strong results.

Take time to think about how collaborating can help you to innovate or to grow faster. Take the blinds off and look around you. Be inspired, step outside your comfort zone, see new angles and build upon great ideas. Be open minded and don't only look for the obvious. And who knows that you will be remembered just like Laurel and Hardy.

If you want to evaluate a possible partnership or enhance your existing ones, I'd be glad to help you. Contact me and let's explore together how we can grow your business.