

Strategic Alliances & Marketing Partnerships

By Richard Gibbs, PhD, MBA and Andrew Humphries, PhD, MBA

Understanding how business partnerships function and how you manage them more effectively is vital in this current economic climate - whether you are outsourcing, forming strategic alliances or co-manufacturing. The authors **Richard Gibbs, PhD, MBA and Andrew Humphries, PhD, MBA**, are 'old hands' at the realities of managing major partnerships. Their extended practical experience has encompassed supply chain partners and strategic alliances as well as marketing channels in the UK and globally. Both authors have held board roles in major international organisations.

Richard was at Xerox where the mantra for many years has been "partner or perish." As the trend for outsourcing continues to grow, so does the complexity of the supply/demand network. The difference between success and failure in today's marketplace is increasingly determined by the way the interfaces in these networks are managed. New ways of working with supply chain partners are clearly required.

According to a recent study, most companies recognise that alliances are very high in importance to the realisation of their strategic objectives. However, the dramatically high failure rate of business partnering - estimated at over 50% - suggests that companies often lack the skills and knowledge to determine the best strategic fit, negotiate win-win agreements, align organisational culture and get people to work together productively.

Based upon ground breaking research by these authors, **Strategic Alliances and Marketing Partnerships** identifies the key factors that determine partnering excellence that will help you to optimise your business-to-business partnerships. It helps you to understand how partnerships function and how you can manage them more effectively and efficiently - whatever the nature of the relationship.

Using fascinating case studies it explores key topics including:

- the strategic value of partnering
- the evolution of supply chain networks, marketing channels and strategic alliances
- the obstacles and drivers of successful partnerships
- relationship marketing
- understanding partnerships and alliance dynamics
- evaluating partnership performance

Gibbs and Humphries conducted numerous in-depth assessments of partnership and alliance relationships with public sector and corporate organisations in the UK, and globally. These organisations ranged from SME's worth \$30million per year to very large collaborative enterprises worth over \$3billion per year. As a result, they have identified the three 'super' partnership success factors.

1. **Collaborative innovation:** basically the conditions that describe the effectiveness of the relationship and enable the partnership to be innovative and responsive to opportunities
2. **Partnership quality:** the quality of the relationship including key behaviours like commitment and trust
3. **Value creation:** the efficiency of the relationship to create and capture the potential value that the relationship offers

Practically and pragmatically, therefore, business-to-business relationships fall into one of the following eight Archetypal Partnership Types:

1. **Evangelists:** firms that appear to be on extended honeymoons
2. **Stable Pragmatists:** relationships usually found in fairly established markets which are characterised by co-operation based upon the pragmatic need to overcome the usual supply chain operating difficulties
3. **Rebellious Teenagers:** not uncommon and often represent partnerships where the scale, contribution, performance and importance to both firms is high
4. **Evolving Pessimists:** clearly attempting to improve their performance, but operating problems such as supply chain complexity, ill fitting processes, inherent difficulties in predicting customer requirements and either cultural or financial obstacles to process and facility improvements, are apparent
5. **Captive Sharks:** in a similar manner to Rebellious Teenagers, Captive Shark relationships often represent partnerships where the scale of contribution, performance and importance to both firms is high. It is the size of the business, the market position of the host firm or potentially contractual or market conditions that drives the relationship
6. **Cherry Pickers:** the level of commitment is generally low, they are epitomised by their lack of commitment to the relationship, dependency on the host firm or the beneficial outcomes of the partnership. Typically they will be seen as a good and reliable partner with whom there are few major concerns or areas of conflict
7. **No Can Dos:** within the No Can Dos, adversarial conditions are standard and since the opportunity to escape is very slim, they create strong feelings of 'imprisonment' and 'impotence'
8. **Deserters:** while evangelists see no 'bad' in the relationship, deserters see no 'good.' No elements of partnership meet with their approval and the extent to which business aims are achieved is minimal; collaboration per se is almost non-existent

The increasing pressure for organisations to compete in a global environment and economy will force businesses to work more collaboratively. The rewards for partnerships is immense, many alliances fail because of the lack of knowledge and skills to establish a successful partnership, this excellent book gives you the panacea for making them work.

"If we were doing this ourselves, we would spend at least three times as much, and run a high risk."

Chia Song Hwee, Chief Executive, Chartered Semiconductor, on its partnership with IBM and Samsung

"Partnering is no longer a part of our business; it is our business."

Peter Ward, Vice president and General Manager, Xerox Europe.

"The evolution of partnership-driven business strategies has arrived. If you think you can go it alone in today's economy, you are highly mistaken."

Jack Welch, former CEO General Electric.

"It's the quality of the relationship that counts: plus the effort you put into making it work."

Michel Clement, Vice President, Oracle, EMEA

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