



## FORMS OF COOPERATION

| Product design    | Purchasing      | Production                      | Marketing         | Distribution            |
|-------------------|-----------------|---------------------------------|-------------------|-------------------------|
| Research contract | Joint purchases | Engineering contract            | Trademark licence | Distribution agreements |
| Joint research    |                 | Subcontracting                  |                   |                         |
|                   |                 | Joint manufacturing agreement   | Co-marketing      |                         |
|                   |                 | Know-how communication contract |                   |                         |
|                   |                 | Patent licence                  | Co-promotion      |                         |

licences, R&D manufacturing, marketing or distribution agreement, and can involve equity or equity options.

Despite the rapid growth of strategic alliances over the last decade, success for many companies has remained elusive. Many firms have come to recognize that alliances are not easy to form and manage, nor are they necessarily a viable strategic option for all firms. They can severely challenge the managerial abilities and resources of even the most experienced companies.

Moreover, while alliances offer companies tremendous opportunities to extend their capabilities and market reach, these opportunities do not come without some serious downside risks — including the

loss of competitiveness. Hence, they must be approached with care and substantial preparation. Despite these caveats, it is increasingly evident that the recipe for corporate competitive success in the 1990s involves the ability to form and manage alliances, and that companies that develop capabilities in this area will find themselves ahead of the game.

## Building Successful Strategic Alliances

The partnering process has four major dimensions. These are:

- developing the strategic rationale for the partnership
- selecting the right partner