



### CHARACTERISTICS OF THE RIGHT PARTNER

- complementarity of technical skills and resources
- mutual need
- financial capability
- relative size
- a compatible view of strategy and objectives
- complementary operating policies
- compatible management teams
- trustworthy and committed
- low risk of becoming a competitor

Given the proliferation of alliances in recent years, it is also likely that the potential partner may be engaged in numerous other partnerships. Your assessment should involve an evaluation of the potential partner's other alliances. You should determine, for example, whether the prospective partner is allied with any of your competitors, and whether it is in an area in which you are vulnerable. If so, you should ensure very early in the game that there are mechanisms in place to prevent shared proprietary data from leaking to competitors. You should also understand whether the other alliances limit the prospects of expanding your relationship in the future.

Next to proper due diligence, the best way to deal with hidden agendas and uncertainties is giving the partnership a clear focus and visible boundaries in terms of

duration and scope. Also, be wary of exclusivity or tying your fate to a single partner.

#### • Personal Chemistry

No matter how good the eventual deal or agreement, it is the people involved on both sides that will make or break the partnership. If the relationship part doesn't work, neither will the business part. Therefore, good personal chemistry between key decision makers and a sense of cultural compatibility 'our kind of people' are an important part of the recipe for success. While there are no hard and fast rules for determining personal chemistry, it is extremely important to try to get a good sense of the people with whom you could be working. For example, William Norris, the President of Central Data, frequently went fishing with potential partners to get a sense of their character and compatibility. Time spent getting to know the key people in the potential partner's firm to see how you relate to them is time well invested. Japanese companies, for example, tend to emphasize this aspect in looking at potential partners and spend considerable time sizing up the partner and its team in the pre- and early negotiation phase.

#### • Internal Commitment

The commitment of operational level staff in both companies will be central to the effective implementation of the partnership. Look for such commitment in a potential partner. Companies must sell the venture to their own operating staff and