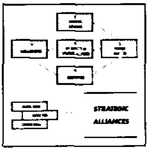

THE PARTNERING PROCESS

Strategic rationale

- Establish corporate objectives and aspirations.
- Establish strategic targets by market segment.
- Analyze industry fundamentals and key success factors influencing competitive position in your target areas.
- Evaluate your competences in context of objectives and resources required to be successful.
- Identify capability gaps.
- Examine possible alternatives for achieving strategic needs in the context of your organizational and financial capability.
- Decide on most viable option.
- Set clear goals for the proposed option.
- Communicate strategic rationale and objectives of option to line managers.

Partner selection

- Establish a screening criteria based on your strategic needs.
- Develop an extensive list of candidates starting with companies with whom you already do business.
- Rank the candidates.
- Contact those who meet your criteria.
- Begin conducting due diligence on your best prospects.
- Set up initial meeting and undertake 'discussions' with companies who express serious interest.

- negotiating the alliance
- implementing the partnership

Careful attention needs to be paid to each of these to give the alliance the proper foundation for success.

Developing a Strategic Rationale for the Alliance

Perhaps the most important factor in determining the success or failure of an alliance is whether it is strategically sound in the first place. Because alliances are less formal and tend to involve less financial commitment than new subsidiaries or acquisitions, sometimes companies tend to treat them as expedient rather than strategic ventures. Examples abound of ventures that have been formed on impulse or for purely opportunistic reasons. While they may involve less in the way of resource commitments, poorly planned alliances can have serious consequences including a loss of competitive advantage. When it comes to strategic planning for a new venture, most shortcuts turn out to be dead ends.