



sides will make it easier to assess whether the partnership is achieving its intended purpose and help to prevent conflicts between the parties. If your partner is not capable of agreeing to this level of clarity, you may want to reconsider the venture.<sup>8</sup>

Some aspects of the alliance agreement that merit particular attention are the establishment of performance objectives/benchmarks, the allocation of control and the establishment of conflict resolution procedures.

#### • Benchmarks

Successful partnerships require regular and frequent care and attention. Periodic reviews based on prespecified benchmarks allow both parties to assess progress and identify problem areas. They also help manage expectations and enable partners to make any necessary adjustments early rather than wait until deviations become substantial and the alarm bells ring. Benchmarks can also be used to manage infusions of capital and technology transfer in ways that protect partner interests. And they can be used to further cement the relationship. Some companies build trust and enthusiasm by moving from simple to more complex interdependencies throughout a series of easily achievable milestones or stages.

A good relationship and a well-conceived agreement makes provisions for changing circumstances and the possibility that the alliance will need to be terminated. Relationships can outlive their usefulness even when they have a mutually productive and beneficial history. The direction of companies change. New management may have a different vision for the corporation. The founder of the small company may decide it's time to sell out and do something different.

An extremely important benchmark in an agreement concerns provisions for renewal and termination. Termination should include agreement on the allocation of rights and assets emerging from the alliance. One way to avoid dashed expectations is to spell out, in the contract, the terms and conditions for continuation of the relationship. Put in writing the outcomes that must be achieved for the partnership to continue and list things that can lead to the termination of the arrangement. A requirement that the principals meet at least every year, review progress, agree on future plans and goals for the collaboration, and revise terms and conditions for renewal and termination as needed, is also a useful way to ensure the relationship continues to benefit both parties. If there are phases or stages in the contract, the collaboration agreement needs to specify what they are.<sup>9</sup>

<sup>8</sup> BOTKIN, James W. and Jana B. MATTHEWS. *Ibid.*, p. 130.

<sup>9</sup> BOTKIN, James W. and Jana B. MATTHEWS. *Ibid.*, p. 132.