

RECOGNIZING THE IMPORTANCE OF INTERNAL RELATIONSHIPS⁸

Marshalling the internal support needed to ensure that the alliance is a success is a key part of the alliance management process.

- ensure middle managers assign it a high priority;
- maximize internal understanding of the role of the alliance in the firm's overall strategy; and
- try to overcome the "not-invented-here" syndrome.

JOHN L. ROBINSON, INTERIOR DESIGNER, TORONTO, ONTARIO

John Robinson is an interior designer from Toronto who has lived and worked in Mexico for many years. He has seen a lot of foreigners arrive with big ideas and leave disappointed. "I don't think the cultural differences are stressed enough; it is the biggest hurdle foreigners must overcome and its impact on doing business should not be underestimated," he says.

Robinson has seen large, sophisticated operations founder on the inability of its expatriate staff to handle day-to-day business. "It is not just the language, it is the culture. You might understand the words, but what do the words really mean?" asks Robinson, referring to the many nuances a Mexican can place on what, to a foreigner, may sound like a straightforward conversation.

New entrants to the Mexican market should look for a partner "who is bicultural as well as bilingual," counsels Robinson. Not only does it take a great deal of time, patience and sensitivity to tap into the Mexican culture, there also exists a certain amount of hesitancy on the part of Mexicans to deal with North Americans. "There are insecurities on both sides," explains Robinson, "and these have to be understood." However, Robinson is quick to point out that cultural differences should pose no barrier to selling services into the Mexican market. For his part, Robinson loves the warmth and generosity of the Mexicans. Notes Robinson: "The people are terrific to work with."

TRAINING AND APPRAISAL

It is important to have effective systems for staff appraisals. Formal staff assessment procedures will allow you to improve areas of venture performance, determine effective rates of pay and ensure that important functions are conducted correctly. It is probably best if the performance standards used to judge the performance of employees in the parent companies are not applied to the staff in a joint venture. Because both parent companies have their own strategic objectives in mind, it is likely that they will use different criteria when assessing alliance staff. As long as these differences are seen clearly and their causes recognized, they need not cause confusion.

Performance appraisals should be used more for spotting strengths and weaknesses and applying appropriate development programs, than as reward and punishment exercises. Long- and short-term goals should be developed. And because strategic alliances operate in environments that change quickly, these objectives and related assessment criteria should be reassessed regularly.

Special training for alliance staff can make all the difference. Large companies tend to have in-house programs, while smaller companies tend to go outside for staff training. Be careful, however, that the training is relevant to the actual tasks your people will be carrying out.

At all costs, do not allow your strategic alliance to become a dumping ground for incompetent personnel. Make it clear to those involved that their work is vital to the company's interests and that effective performance will be rewarded.

MOTIVATING STAFF

How will you alter your incentive system to conform to the new dimensions of your strategic alliance? It is no secret that conflicting or anti-productive incentives can seriously undermine cooperative initiatives. It is important that you create an environment where alliance success reflects individual success.

A well-structured incentive program that includes both financial and non-financial rewards will go a long way to ensuring that personal goals correspond to corporate goals. It is surprising how many firms leave conflicting incentives in place. For example, if a technologist is rewarded for developing new patents and publishing papers, being assigned a new role in an alliance that involves sharing information with his counterpart may require changes be made in the way he or she is rewarded for their work. Otherwise, in carrying out his new task, he could be hurting his own chances of developing a new patent. Perhaps he could be awarded the same amount for successfully completing his alliance-related assignment as he is rewarded for developing a new patent. Companies usually have quite a bit of leeway to structure benefit packages so that both corporate and personal goals are realized.

⁸ Michael S. Yoshino and U. Srinivasa Rangan. *Strategic Alliances. An Entrepreneurial Approach to Globalization*. Boston: Harvard Business School Press, 1995, pp. 137 ff.