

Finding a suitable partner

Some attributes of a good partnership

- complementary technical skills and resources
- mutual need
- financial capability
- relative size
- compatible view of strategy and objectives
- complementary operating policies
- compatible management teams
- trust and commitment
- low risk of becoming competitors.

It is vital that you find the right partner. One of the key reasons cited by experienced managers for disappointing performance or unsuccessful partnerships is poor partner selection.

The process is time-consuming and expensive and needs to be approached with considerable patience and with realistic expectations. Developing selection criteria, selecting a partner, and negotiating an alliance can take from 1,000 to 5,000 hours. Remember, the selection process for international alliances is particularly complex. Taking the time to do a thorough search is an investment that will likely prove critical to the long-term success of your venture.

Surprisingly, many managers do not spend enough time exploring the issue of compatibility between their own firms and prospective partner companies. Finding a compatible partner is not simply a matter of finding one with complementary skills. It is also vital that your organizations and your overall business strategies complement each other.

Clearly, the first step in a partner search is to identify firms that possess the resources and capabilities which you lack, but which are necessary for achieving your strategic objectives. Technical complementarity is the minimum criteria for selecting a partner. The next step is to make sure that you can cooperate easily and effectively with the potential partner. Otherwise, you are likely to experience substantial coordination and communications costs as well as a high level of frustration.

The extent and nature of your need to interact with your partner will be based on a number of factors including uncertainty in markets, technology, and resource supply, as well as the complexity of the tasks involved. The more you need to interact with your partner, the more important it is to find a partner whose organization complements your own. You will need to consider questions of size, organizational structure, management style, operating policies, and philosophy. There are many examples of organizational clashes or culture shock that occurred between businesses that had at first glance appeared to be compatible. Take the time to find out if you can really work with a potential partner.

It is also important to understand what a potential partner wants from the relationship. Are the goals of your firms compatible? The more divergence there is between objectives, the greater the risk of dissatisfaction and associated problems.

In the last analysis, the overriding consideration must be the potential partner's commitment and trustworthiness. Trust is crucial, especially where areas of core competence are involved. Today's partner might be tomorrow's competitor. Exposing your strategy or technology to an unreliable partner could seriously erode your competitive advantage.

The effort involved in identifying the right partner will likely repay you many times. It can mean the avoidance of delays, misunderstandings, and the breakup of your alliance due to unsatisfactory performance. In the end, there is no substitute for the intensive screening of partners. If you are unable to find a partner who is compatible and trustworthy, you would probably be better off looking for an alternative way of achieving your objectives.