



NEGOTIATING YOUR ALLIANCE

- ✓ Be clear about your strategic agenda before you begin the process.
- ✓ Know your bargaining strength.
- ✓ Know what you are prepared to trade off and what you are not — know what constitutes a deal breaker for you.
- ✓ Involve both senior management and those who are going to manage the alliance in the negotiations.
- ✓ Negotiate as equals — don't be intimidated by organizations that are much larger than yours.
- ✓ For international alliances, have someone on your team that speaks both languages.
- ✓ Explore and define your mutual interests and benefits together.
- ✓ Don't rush to the deal — take a hard look at your partner and the deal at each stage in the process.
- ✓ Use the negotiation process to build understanding and commitment.
- ✓ Avoid coercive tactics and be prepared to give as well as take.
- ✓ Ensure there are appropriate measures in place, e.g., patents and confidentiality agreements, to protect any proprietary information that is disclosed.
- ✓ Balance the unveiling of capabilities and information with what your partner unveils.
- ✓ Use a non-binding letter of intent to work toward a clear understanding of objectives, rights, responsibilities and implementation.
- ✓ Work toward a clear picture of what the short and medium-term will look like for the venture.
- ✓ Ensure there is a clear understanding of areas of competition and cooperation.
- ✓ Ensure the legal agreement supports the business concept of the alliance.
- ✓ Leave room in your agreement for growth and change.
- ✓ Before inking the deal, make sure you have had an objective look at it. Don't be afraid to walk away.

avoid reliance on the consultant to put the deal together. If you don't have sufficient resources inside the company to make the business judgments leading up to the deal, you are unlikely to have the resources to make the deal work.

Many companies have also found it handy to have a 'contrarian' on their team. This is someone who can counter the tendency for "group-think", and cut through some of the ego involvement that takes place in these kinds of negotiations. It is someone