

Shaping your strategic alliance

If you decide that the cooperative route is right for you, the next step is to consider the various kinds of strategic alliances.

Analyze the pros and cons of each type of alliance within the context of your needs and objectives. Be sure that your objectives have been defined clearly. If you enter an alliance without a clear set of objectives, you risk losing control over the direction of the alliance. This problem becomes particularly evident later on, when the alliance must choose between opportunities that favour very different strategies. Each partner's set of objectives should complement the other's, and both sets should fit into an overall strategy. Otherwise, the alliance will be unbalanced and may not meet your needs.

Consider how various types of alliances may affect your core business. Many companies maintain close control of their core business and form partnerships solely in non-core areas. Firms deciding to enter partnerships should be aware that alliances can lead to dependence on an outside firm. They can also inadvertently lead to sharing strategic information or expertise with a competitor.

Once you have decided what type of strategic alliance is best for you, the next step involves searching for a suitable partner. Be sure you are ready and willing to take on the large commitment involved in finding the right partner, structuring the deal, and managing the venture. Alliances can only succeed if partners are willing and able to commit enough time, energy, resources, financing, and skilled people to make them work.

