



effective approach is to provide the venture with as much autonomy as needed in its specific area of activity, whenever possible.

#### • Communicating

Frequent and effective communications are a key factor in successfully implementing strategic alliances. Communication is an area fraught with problems, particularly when language or cultural differences are involved.

Partners should ensure that liaison points and communications procedures and lines are in place between each other as well as inside each company. They should also ensure that they respond promptly to communications from the other partner. Communication involves sharing impending problems as well as reporting good news. Consideration should be given to linking partners electronically by establishing an electronic mail or phone mail system. If a large partner already has one, it should make sure the small partner becomes a part of it. Partners might also set up regular, scheduled times for telephone calls or teleconferences for status reporting. In some cases, an overseas subsidiary of the foreign partner in the host country can serve as a key communications vehicle.

#### • Protecting Key Assets

Partners need to ensure that knowledge that doesn't need to be involved in the relationship is protected both formally and organizationally. Formal protection is achieved through patents and the terms

and conditions of the agreement. Organizational protection involves:

- monitoring information flow
- isolating project teams from the rest of the company
- setting up Chinese walls
- educating employees about the type of information they can share
- establishing a gatekeeper or project manager for information exchange

When considering what knowledge needs to be protected, don't think only of patents and formulas. Knowledge that you take for granted, e.g., management or organizational skills, may be extremely valuable to a competitor and could do serious damage to your company if inadvertently divulged.

#### • Managing Change

A critical aspect of alliance management involves being able to manage change. Numerous studies have shown that successful alliances undergo dramatic changes in their first few years as a result of changing economic conditions, new competitors, new technologies, changes in partner goals, changes in capabilities and circumstances, and the loss of the key managers. Managing a partnership means paying close attention to internal and external changes that can affect the venture.

It also means that alliance management involves a continuous process of negotiating and reaching agreement on the nature and value of partnership. Any ideas about rigid planning and control should be tempered by the reality of the alliance's