

## Carefully defining a target

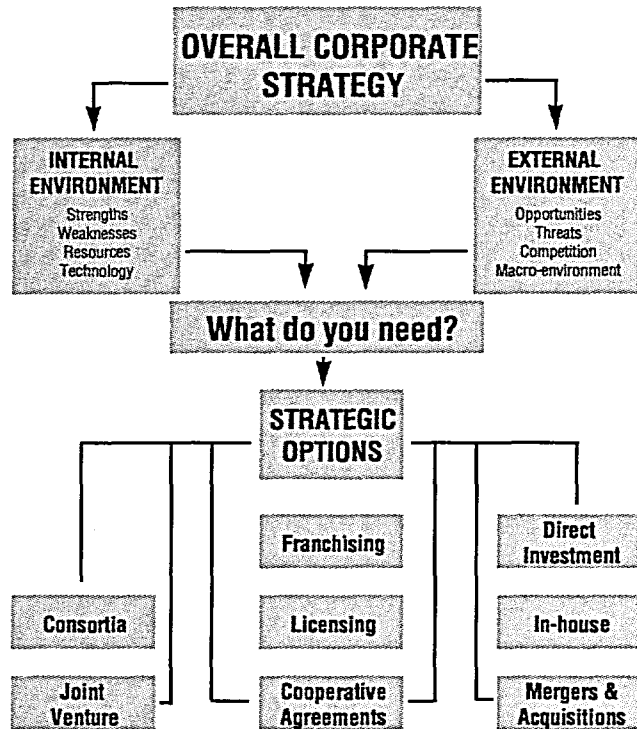
In itself, an alliance cannot give your company a strategic direction. The decision to engage in a partnership is an important move that should be part of an overall corporate strategy. A careful and detailed examination of the reasons for entering an alliance makes good business sense. Rushing into an alliance in the hope that synergies will somehow evolve does not. Too many firms underestimate the amount of work that is involved in establishing a successful alliance.

Do you really need a partner? Selecting a partner and managing an alliance takes a lot of time and effort. The first step is to determine precisely what you need to do in order to defend or enhance your competitive position. Focus on what you need rather than what you want. In a word, your firm should carry out a strategic audit.

European tastes, customs, values and ways of doing business are different. You need to consider your business within the European context to consider whether your goals are achievable and to adjust them accordingly if they are not. Make a dispassionate evaluation of the skills and resources that your firm needs to meet its competitive objectives. Which of these skills and resources does your firm already possess? What further ones are needed? The answers to these questions will help you determine whether it is best to go it alone or form an alliance.

### Your Analysis Needs to Include:

- ✓ A competitive assessment of business dynamics.
- ✓ A technology review of your company's position in the industry.
- ✓ An evaluation of market segmentation, market size and growth rates.
- ✓ Product life cycles.
- ✓ Opportunities and threats.
- ✓ An audit of company strengths and weaknesses.



Once you have determined your competitive needs, assess the options for filling them. What are the strategic options for moving the company from its current position to a more desirable one? What does each option entail? If the difference can be met through in-house efforts within a reasonable time-frame, then a strategic alliance is unnecessary. If the obstacle is simply financial, then you might consider looking for investors rather than partners. But if there is still something missing, such as special expertise, product development synergy or market presence, then take a closer look at strategic alliances.

One of the benefits of going through this exercise is that it clarifies what you are looking for in a strategic relationship. It helps you to define the resources and the type of company that will be needed in the alliance. It gives you a better picture of the skills and resources that the ideal partner must have to make your venture successful.