



7 Steps To Build Alliances / Strategic Partnerships



What is an alliance?

Definition: A close, collaborative relationship between two or more entities that share complementary assets, strengths, risks, rewards, and control to create increased value or competitive advantage for their customers and their own organizations that would be difficult to achieve independently.

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Alliance Specific Strategy

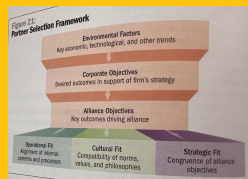
Aligning Business Strategy with Alliance Goals

- For an alliance to succeed, it must be grounded in the business strategy of both parties. Rapid changes in the market and government regulations mean that organizations need to stay agile. When a company clearly defines its strategic needs and what it seeks from the partnership, it can create a value proposition that benefits both partners.
- Key to Success:** The involvement of senior management and the assignment of a dedicated alliance champion are essential to steering the alliance and maintaining focus on long-term objectives.

Analysis and Selection

Scouting Partners and Building a long list

- The Analysis and Selection phase begins with finding a partner that can meet all of the requirements set out in the Strategy phase and determining the metrics of alliance success.
- Selecting an appropriate partner requires more than simply viewing financial statements. It requires learning about the structure of the other organization and how it functions.
- Key to Success:** Thorough due diligence and alignment of organizational cultures are crucial. Ensuring the partner's structure and values complement your own will create a solid foundation for a productive and sustainable alliance.



Building Trust and Value Creating Negotiations

MOU and no Formal Contract, yet.

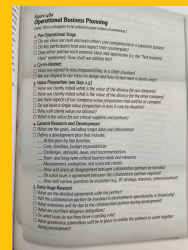
- Trust is built through the cocreation process as prospective partners jointly map out their future, defining common goals and the broad outlines of their relationship.
- This value-creating process stands in contrast to transactional negotiations, which focus on the exchange of value rather than its creation.
- Key to Success:** During this phase, a Memorandum of Understanding (MOU) will be signed to outline the agreement, but no formal contractual agreement will be entered until later phases (phase 5)



Operational Planning

Systems to make the alliance work

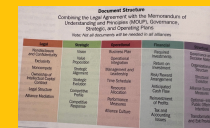
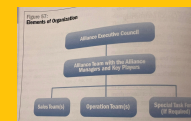
- Here, we sit down with functional groups from our potential ally to identify all of the operational issues that may occur.
- During launch or implementation. Any potential problems that are identified can then be addressed.
- Establishing a day-to-day operational plan. Document how the business processes will operate, creating reporting systems, and the interfaces that link the functional teams. T
- Key to Success:** A comprehensive operational plan that aligns both organizations' functional teams is crucial, the creation of these system should be viewed as a pilot.



Alliance Structure and Governance

Governance, organizational, and legal frameworks

- Finalizing operational plans, ensuring that leaders and key managers are in place; and on establishing a risk-and-reward formula that motivates both parties to make the relationship succeed.
- It builds on the broad objectives and goals described in the Memorandum of Understanding and Principles, and the detailed review of the operational plan to create a framework that reflects the collaborative spirit of those two documents.
- Key to Success:** Establishing clear governance and legal frameworks is critical. Here the contract gets signed



Launching and Managing

The Agreement is followed, and reported

- This phase will involve the operational team and the alliance executive council (AEC; also referred to as the steering committee or joint governance board). The AEC will include executive champions from both companies.
- Their role will be to guide policy, review the relationship's performance, and be generally responsible for keeping the relationship healthy and focused on continuous improvement.
- The operational team is responsible for ensuring that the alliance agreement is implemented and managed.
- Key to Success:** Making sure to have Data trackable. Developing Alliance Score Card; Alliance Health check etc. and QBRs filled with data



Transform, Innovate or Exit Gracefully

Evolving or stopping it!

- Continuous renewal of the alliance?
- As market conditions change, the alliance will have to be proactive in changing with them to remain vibrant and healthy.
- In some cases, an alliance may need to be terminated for a number of reasons: because it has successfully completed its mission, or the strategic drivers no longer allow a complementary future for the partners, or the alliance has actually failed and a graceful exit is now the best option.
- Key to Success:** Proactive adaptation to market changes is crucial for keeping the alliance vibrant. The ability to identify when transformation is possible or when a graceful exit is necessary ensures the long-term health of the alliance

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