

Partnerships to enhance your footprint

By Ulkkl Pachera

Growing a company from start-up to critical mass is a difficult venture. Many entrepreneurs realize that strategic partnerships can catapult a small business into high volume in a new channel or market. When you are a small company, however, almost everyone worth partnering is a "big fish" making it all the more difficult to select and land the right alliance.

They need to be real.

Much has been said and written about failed alliances --- and it's no wonder. A mutually written press release with a partnership can often be confused with an alliance. While you may want to do PR around your partnership, you can't create a partnership out of PR alone.



A true partnership is one that makes a fundamental, measurable difference to your company's bottom line. Anyone worth their salt who has been responsible for alliance creation at a company will tell you that a business arrangement that doesn't meet this criteria isn't likely to be worth doing.

Choose your partners carefully.

Thought should go into the creation of a strategic landscape that frames the industry players. Investing in deep analysis around what each company in your market has in terms of assets and deficits, who competes in what areas, and who may potentially partner or acquire each other is critical towards selecting a short list of potential partners. Senior executives in the company need to be part of this discussion particularly when drawing conclusions.

Research should also go into how your target partners treat their current partners; talk to other companies and carefully read their press releases and speeches. Try to gain an appreciation of how business deals may have been created and what tangible benefits are derived.

Consider your partnering and alliances program as a 'portfolio' and manage it accordingly. If you land a world-class company as your partner and no others, does that brand you as an "IBM" or "SUN" shop? How much business risk is represented by each partner? Are they all performing or is it time to weed out the weaker players and put more of your resources behind the successful ones?

Getting attention takes care.

A key challenge small companies face is how to get the attention of the big players. The best way to get the attention of a big company is to have something significant to offer that's been validated by someone who knows the company well.

There's nothing like a respected individual telling a company, "You should check out the XYZ company, they have a solution that I think could really be of value to your product line."

In addition to a testimonial, approach getting into the company the way you would a strategic sales opportunity.

First, develop your own brand and identity—be able to articulate your value proposition clearly and succinctly. Second, create a differentiation and thought leadership pieces aiming to gain

the attention of press and industry insiders. Third, carefully select the right person in the company to make the pitch to.

Note of caution: This individual may or may not be the final decision maker. You may need to gain advocates and champions first or perhaps to seek the highest level person in the company. Only research will help you determine who best to approach.

Finally, when you ask for the opportunity to make your pitch, control yourself and ask for 30 minutes. It's difficult for many people to turn down such a small time commitment. If you think you need more time for that initial meeting, go back to the first step of brand creation.

Obtaining balance is key to success.

Once you've gained the attention of a larger company, the next most difficult challenge is to achieve a balanced relationship. It can be intoxicating to be in discussions that may result in catapulting your business. But if you don't stick to your guns about maintaining balance, creating measurable criteria for success, and an exit strategy, you may be placing too large a bet by giving away too much leverage.

Know what you want before going into discussions with a potential partner, but remain open and flexible to their ideas. Take time to think about the partnership between negotiations to ensure that it's what you want, both short- and long-term, and that you can live with the terms in a worse-case scenario.

Partnerships take a lot of care and feeding.

Even when you have the foundation of a true business opportunity, an alliance is tough to sustain. Much like any relationship, there's often conflict. Many, if not most, technology partnerships are formed between companies that have at least some intersection of competition. And the inevitable power imbalance --such as with a small company and a large one-- creates conflicts.

Surprise press releases, new partnership announcements, competing product offerings, and new executives often create insecurities and bring emotions to the forefront.

There are several ways to mitigate the inherent conflict.

An honest assessment of why you are partnering, as well as an articulation of the risks, should be a key internal document that can be brought out and reviewed from time to time, particularly when emotions rise. It can temper emotions to be in a position where you can say, "Ok, so we knew that could happen, what are we going to do about it?"

Both sides absolutely need to have point people who are responsible for moving the partnership along. However, care must be taken to bring fresh leaders into the role of leading a particular alliance every 2 to 3 years. Management must be watchful that the alliance leaders don't shift their allegiances to the partner from the company who signs their checks.

A mutually agreed upon rule of no surprises can be very effective in furthering trust. Regular operational reviews are important to keep focused on the objectives.

There's no doubt that a strong partnership can be very rewarding for all parties ---- and the foundation of momentum and growth for a small company. However, without careful thought about the landscape, conviction around your terms, proper resourcing in day-to-day management and ongoing attention --- your alliance could be another one of the failed ventures we read about in the paper.

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