

Partnerships

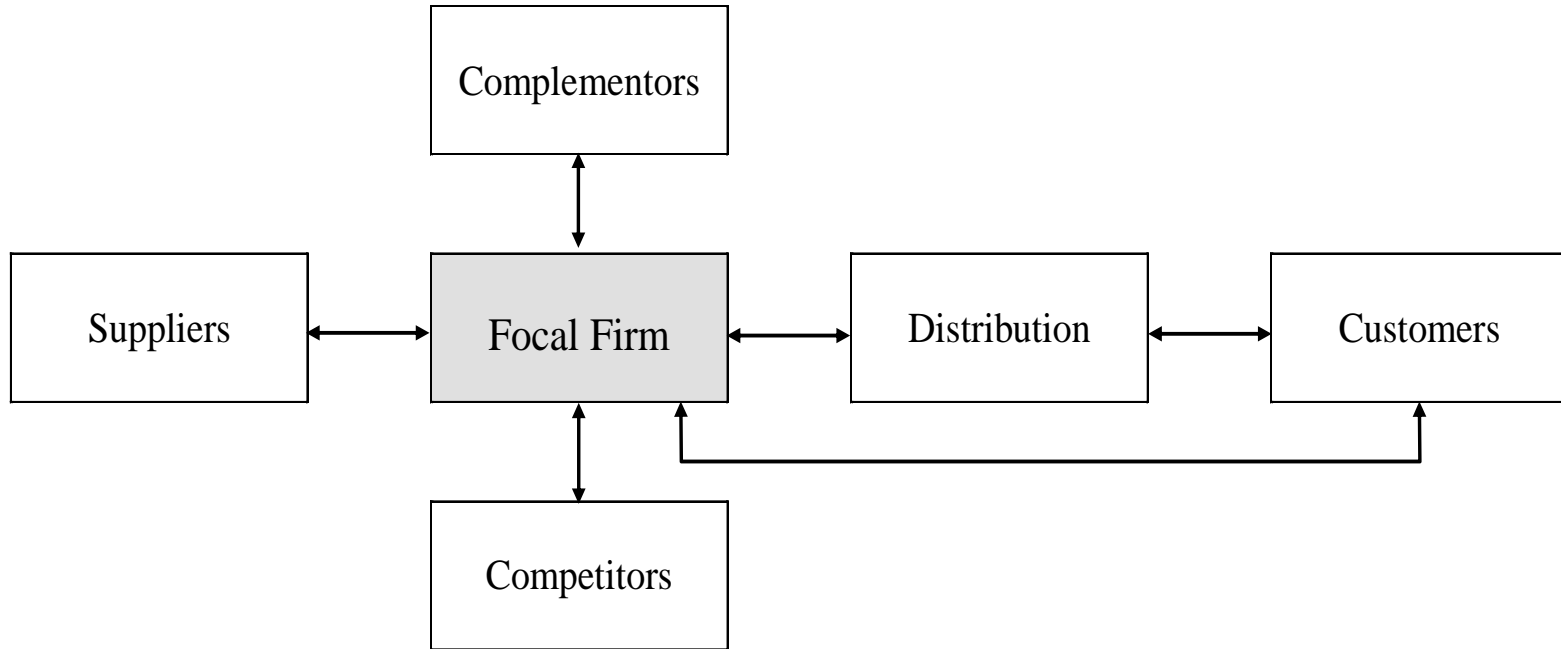
Questions to Consider

- What are the reasons for partnerships?
- What are the types of partnerships?
- How can partnership risks be mitigated?

What are the reasons for partnering?

- Access resources and skills
- Gain cost efficiencies
- Speed time-to-market
- Access new markets
- Define industry standards
- Develop innovations and new products
- Develop complementary products
- Gain market clout
- Maintain focus on core competencies
- Learn from partners

Types of Partnerships



Types of Partnerships

Vertical Partnerships

- Formed between different levels of the supply chain
 - Buyer-supplier relationships
 - Supplier – OEM customers
 - Efficiencies in accessing materials
 - Collaborate to innovate, differentiating end product
 - Outsource service providers
 - Business customers

Types of Partnerships

Vertical Partnerships (con't)

- Manufacturers – Distribution channel members
 - Access to downstream markets
 - Relay market information
- Companies – Customers (end-users)
 - Relationship marketing
 - Long-term revenue stream
 - Source of market information

Types of Partnerships

Horizontal Partnerships

- Formed between firms that operate at the same level of the supply chain
- Complementary Alliances
 - Form with companies offering different components of the end-to-end solution
 - Allows each to maintain focus on own core competencies
 - Stimulates demand through greater customer value

Types of Partnerships

Horizontal Partnerships

- Competitive Alliances
 - Competitive collaboration (“co-opetition”)
 - Compete in some market domains, collaborate in others

tabula rasa

event space • meeting place

pop-ups



a pop-up retail space is a venue that is temporary — the space could be a jewelry store one day and host a book signing event the next evening, allowing a company or entrepreneur to create a unique environment that engages their customers. you are only limited by your imagination.

- Retail Boutiques
- Art Exhibitions
- Group Classes
- Photography Studios

"Wow this space is not only beautiful but the foot traffic and the caliber of customer is amazing. I knew there was a perfect area for me in DC and I have found it at Tabula Rasa. Any designer or artisan wanting to sell their goods should give this place a try."



K. Schalk, Fashion Designer

What are the risks in partnering?

- Trust issues
- Loss of trade secrets
- Loss of autonomy and control
- Increase project complexity
- Lack of attention/resources in managing the relationship
- Incompatible cultures

Factors Contributing to Partnership Success

Interdependence

- Shared mutual dependencies provide motivation for partnership success
- Asymmetrical dependence leads to vulnerability and possible exploitation
 - Caution warranted with partners of unequal size (i.e. both stand to gain/lose at **equal** levels)
- Low levels of interdependence provide no motivation to relationship

Factors Contributing to Partnership Success

Governance Structure

- Terms, conditions, systems, and processes
 - Unilateral: one party has authority to make decisions
 - Bilateral: governance based on mutual expectations regarding behaviors and activities
 - Commitment
 - Trust
 - Communication
- Governance structure should match the partnership's risk level

Factors Contributing to Partnership Success

Commitment

- Desire to continue the relationship
- Committed members are less likely to
 - Take advantage
 - Make decisions that sabotage viability of relationship
- Demonstrated by
 - Investments dedicated solely to the relationship

Factors Contributing to Partnership Success

Effective Communication

- Frequent sharing
- Credible and reliable
- Includes proprietary information
- Both structured and ad hoc communication
- Effective conflict resolution
- Judicious use of legal contracts
 - Contracts may violate the spirit of cooperation
 - Contracts may also clarify obligations and expectations

Factors Contributing to Partnership Success

Trust

- Belief that partner's decisions will serve best interest of the partnership
- Partner will act honestly and benevolently
- Trust in the partner's motives and intents
- Trust contributes to
 - Effective information sharing
 - Willingness to share scarce/sensitive resources
 - Sense of mutual benefit

Summary

- The reasons for, and types of, partnerships are diverse and evolving.
- Use best practices to maximize success and mitigate risks from partnerships and outsourcing.