Title:
Creating Unique Business Alliances: Six Insights To Help Transform Your Company’s Value

Word Count:
994

Summary:
Strategic alliances increasingly trumpet the word “unique” as in ‘unique alliance’ or
‘unique partnership’. Certain types of partnerships will help you acquire a unique value proposition even if you didn't develop it? This article will help you develop your company's alliance road map and projections resulting in higher order volume, added value and increased brand equity.

Keywords:
strategic alliance,business partner,value proposition,strategy,unique,deal,partnering,partner,ally

Article Body:
Recent news concerning IT industry strategic alliances increasingly trumpet the word “unique” as in ‘unique alliance’ or ‘unique partnership’. Usually these unique arrangements bring together a marketer (either a system integrator or a service provider) with a solid footprint in a niche market and a technology developer or manufacturer with an innovative or proprietary capability.

This type of alliance transfers to the marketer a unique technological edge. The marketer's objective in many such cases is to keep competitors at bay, grow market share or create enough performance value to justify a higher price. For the developer partner, aligning with the marketer provides a significantly extended market reach that simply translates into the sale of an increased number of units as well as a branding leap into greater market visibility.

This deal constitutes an excellent exchange of value for both partners. But as business alliances are not forever, the true assessment of the deal's value must be evaluated over time. In its early days Microsoft supplied DOS in a partnership with IBM's original desktop PC. In time Microsoft’s OS took over the PC market supplying all manufacturers. IBM was forced to back up out of the PC driveway, but it learned the power of partnering brilliantly transforming its business model into the world’s most prolific and successful IT services partnership network builder.

Acquiring a Unique Value Proposition

Of the many reasons for initiating a strategic alliance, the most highly-sought after type is one that creates a “unique value proposition” (UVP) — the three golden words so enticing to venture investors throughout the world.

How do you get UVP if you don't produce it?

A strategic alliance can transform nearly any traditional sales and distribution enterprise into a uniquely positioned provider -- all you need are customers! Have your considered this? Transform your company instantly into an unstoppable juggernaut simply by formulating a strategic alliance with one or more suppliers who may add a unique piece to your package, program or end-to-end offerings. Suddenly, your company acquires a UVP. More orders, greater equity value...before you know it, investors come sniffing around.

What are they looking for?

They want to know what you'll do for your next act.

Sure. That first alliance you just made was a successful move. It got attention. And it’s working. But, don't get too busy with that. Save some time for developing additional alliance ideas. You need to look at your company’s future in terms of a total, long-term strategic alliances plan.

Six key questions to formulating a long-term alliance road map

Use these six Partner M questions to develop your own alliance road map:

- What are my core competencies?
- What are my customer assets?
- How bad are the performance gaps as experienced by my customer/user?
- What are the innovative upgrades desired by my customer/user?
- How well are my competitors performing in areas where we are weak?
- Where do we perform better than our competitors?

Now answer this:
Can you locate and negotiate a deal with potential suppliers who can deliver to you
a unique product or service that:

(a) your company cannot duplicate more profitably with its core competence;
(b) will be highly valued by your customers;
(c) will fix a problem or enable you to offer customers an optional upgrade;
(d) will strengthen an area where you had been weak; or,
(e) will help insure that you can continue to outperform our competitors?

If your answer is yes to any one or more of these options, then you have the basis for a strategy that would result in higher order volume, as well as a path to added value and increased brand equity.

How do you validate that assumption?

Project the pros and cons of executing your alliance plan

Calculate a scenario assuming the amount of revenue you could generate and profits you would achieve after you’ve found one such partner and have successfully negotiated an alliance.

Be sure you have identified and adjusted your projection for any possible downside and cost of implementing the partnership. Next, forecast where you’ll be in three years without this alliance or a comparable strategy.

In addition you should assess the impact of your alliance on the competition with a sober determination of how they may react. Here is where the value of establishing a 'unique alliance' becomes so important. Paradoxically, your alliance's UVP shelf life must be viewed as both temporary and continuous. Any one alliance you enter is temporary. Your strategy must be continuous.

How temporary is your alliance? If any of your competitors can match your partnership with another and duplicate the contribution of your unique ally in fairly short order, your UVP will not last long. You may need to move faster to extend the your UVP shelf life and begin to plan your next UVP partnership. Within this scenario you would need to move faster on the alliance front or find yourself having to play deep catch up if your competitor takes the initiative before you do.

Design an ongoing alliance strategy

To develop a continuous UVP plan extend your alliance road map by duplicating your forecast calculations to include all potential alliances you foresee into the future. How far can you go using this strategy? If possible, don’t stop until you're able to imagine this process reaching a global scale or an exit strategy. Finally, your alliance plan must weigh alliance costs and risks against the benefits/costs/risks of alternative strategies.

Whether your enterprise takes the role of a marketer or a supplier, you should consider formulating a phased-in partnership plan containing a list of target partner prospects, financial validations, a timeline and undertake a marketing initiative aimed at shaping a receptive and synergistic relationship with partner executives and operational teams. Executing the plan is your next challenge. Don't hesitate to seek help in developing your plan and making it happen.