



Growing Your Business Through Strategic Alliances

[Aldonna Ambler](#)

Of the various ways I've used to grow my businesses over the past 31 years (e.g. geographic expansion, acquisition, new products/services, licensing), strategic alliances have been one of the most cost effective growth strategies. I have discovered that the most important skill needed to succeed in strategic alliances isn't marketing, managing, financing or even negotiating. It's listening.

What Does the Phrase "Strategic Alliance" Mean?

It is essential to listen very carefully when business people are discussing "strategic alliances" because the phrase is now used to describe several very different working relationships. Sometimes "strategic alliance" is the politically correct phrase used instead of classic "outsourcing". Some strategic alliances are really "sponsorship" situations. In still other circumstances, the working relationship being described is somewhere between "mutual referrals" and "joint ventures". These distinctions will impact how success is measured, what your role should be, if an attorney will be necessary to finalize the terms or even if you will be interested in participating at all.

Outsourcing Alliances

In an "outsourcing" alliance, the smaller company often assumes the role of a single department within the larger company. You are probably an excellent candidate for the "outsourcing" type of strategic alliance if you have a consistent process, reliable quality and proven efficiencies which make it easy for the larger company or government agency to work with you. To get the ball rolling, look for organizations with products or services that you could produce faster, cheaper and/or at a higher quality than their present method. You'll be looking for executives and managers who are willing to measure results and initiate change.

More and more corporations are looking for "private label" alliances where they can retain the value of their brand and de-emphasize the sources of manufacturing.

In outsourcing alliances, it is a good idea to survey several managers within the larger entity to learn valuable information about what is important to the key decision-maker. Since the success of an outsourcing strategic alliance is measured in tangible terms, it is often a good idea to schedule a trial run before making a long-term commitment to the strategic alliance. You will need to know about any hidden costs and confirm that your company can fulfill the agreement without disrupting your ongoing operation. Plus, your alliance partners will want to be assured that you can indeed save them time, money, frustration and errors.

As larger corporations go through downsizing, their managers are forced to look for cost savings in places they never had to look before. Outsourcing gets their work done, controls head count and costs, and often improves quality. The larger company purchases services and/or products from the smaller company, such as product development, engineering, manufacturing, delivery, installation, or maintenance. Some large corporations are discovering the value of outsourcing product and technical development to smaller more innovative firms. Plus, the services that were formerly performed by government agencies are now being provided by private firms as the "privatization" trend continues.

Sponsorship Alliances

"Sponsorship" alliances have their niches, too. The Center for Women's Business Research (formerly the National Foundation for Women Business Owners) and the National Association of Women Business Owners (NAWBO) each have excellent track records with their sponsorship style strategic alliances with large corporations like IBM, AT&T and Merrill Lynch. However, non-profit groups aren't the only organizations that can be sponsored. My keynote speaking business has grown in large part due to sponsorship alliances with Bell Atlantic (Verizon), Southern New England Telephone (SBC), Northern Telecom (NorTel), *Entrepreneurial Edge* magazine and Core States Financial Corporation (First Union). Each has sponsored multi-city speaking tours. These sponsors have always been very appreciative of my assistance in reaching, understanding and better serving growing small business markets.

Virtual Corporations, or Loose Strategic Alliances

Probably the most popular strategic alliances take form of loose agreements between two or more firms with complementary services/products. Many small business owners are reluctant to enter formal joint venture agreements, but they will "try to work together" to make something happen that they could not have done alone.

Some of the benefits my businesses have realized from this type of strategic alliance include

- controlled costs while investing in the accelerated growth of our companies
- improved the chances of our small businesses attracting and handling large accounts by giving us access to the resources of a group of companies
- retained autonomy and limited risk while advancing technology
- protected our core businesses because several of our alliance ventures have had their own merchandising and promotion
- achieved balance through affiliation with companies with complementary strengths

You Can Learn A Great Deal About Yourself and Others Through Strategic Alliances.

Lillian Rojas of Rojas Group, Inc. has the knack of recognizing opportunities for strategic alliances for her Connecticut based computer business. Like many women business owners, Lillian is a master networker and can spot individuals with whom she would be comfortable working. She "looks for people who share her values, work ethic, and orientation to customer service".

Many business owners could learn the value of keeping an open mind from Lillian. When she meets with the person, she does not know where the discussion will go. She relaxes and enjoys the exploration of possibilities. They generate a list of ways they can help one another and save the discussion about logistics and division of labor for a second meeting.

Sometimes one finds oneself in Lillian's role as the visionary, the initiator. Certain personality traits can impact the success of a potential alliance, especially in these situations, so it's essential to be observant...and listen. A person's need to control his/her basic optimism vs. cynicism, respect for others vs. prejudice, rigidity vs. flexibility, honesty and candor vs. game playing and secretiveness, etc. are all there to observe when the concept of a strategic alliance wasn't his/her idea.

It is important to remember that all of those traits that can be observed in others are there for others to see about us. There are important lessons to learn about oneself in those instances. For example, how would you interpret your own behavior if you had become instantly overwhelmed by the possibility of a new strategic alliance that you had not initiated? Or when you had difficulty trusting and assumed you would be cheated somehow?

How Do You Do An Alliance ?

My oldest business has utilized a six-session process for the negotiation of our alliances for some time. No matter how big or how small a project seems, we have six planning sessions before launching. In fast moving markets, we just complete our six sessions more quickly. The process helps us get to know our alliance partners, be proactive and prevent problems, define success, protect our core businesses, etc.

The agendas for each session alternate between divergent and convergent thinking. We give one another assignments between each session. Marketing, sales, production and expert resource people assist as needed between the third and fourth session, but attorneys are only added to the process after the fourth session if the potential alliance partners decide that we should proceed further.

As the sessions proceed, some prospective alliance partners may drop out due to limited resources, an inability to trust, conflicting priorities, fear or other reasons. Often, the opportunity goes by default to those who remain. If the deal isn't sound by the sixth session, include the option of not signing the documents and walking away. However, negotiations take on a very different tone after people have been together over six sessions. It is amazing how many seemingly impossible problems can be resolved with commitment of time and patience.

Summary

Experimentation with strategic alliances can help any size or type business embrace new technologies, introduce new products, handle large accounts and approach new markets, while controlling risk and cost.

Aldonna R. Ambler

CMC, CSP

“**The Growth Strategist**” with a compelling track record, Aldonna has helped over 800 organizations in *Achieving Accelerated Growth With Sustained Profitability*®. Over the years, her clients have aligned into five major categories: professional service firms, distributors, family-owned businesses, woman-owned businesses and technology-driven companies. Several clients achieved placement on lists of the fastest growing corporations after working with Aldonna.

A powerful **Keynote Speaker**, she was the 10 th person in the world to have earned dual professional certifications in *both* management consulting (CMC) and professional speaking (CSP). Her most requested keynote topics are

- *Growth Strategies*
- *Perseverance & Resilience*
- *Re-Energizing Your Enterprise*

· A recognized and prosperous **Entrepreneur**, Aldonna has won over a dozen prestigious awards for her success and has been recognized by *NJBiz*, the *Philadelphia Business Journal, Inc.* magazine, the AVON Corporation, the Girl Scouts of America , the YWCA, the National Association of Women Business Owners and Office Depot.

A **Positive Force for Economic Growth**, Aldonna Co-Chaired the New Jersey Delegation to the 1995 White House Conference on Small Business, has provided expert testimony at over 30 legislative hearings and has met 4 Presidents in the Oval Office. She has also been recognized for her advocacy work by the NJ Business and Industry Association, the Chamber of Commerce of Southern New Jersey , and the U.S. Small Business Administration.

A **Prolific Author**, Aldonna has written *Bound To Make \$ense* and contributed to *Celebrate Selling – The Consultative Relationship Way*. Aldonna has also written over 100 articles in professional and trade publications, including her column “Growing Pains,” which was carried in several regional business journals.

Considered a **Business Expert** by the media, Aldonna has been featured and/or interviewed by *USA Today*, the *NY Times*, the *Wall Street Journal*, the *Chicago Tribune*, *SUCCESS* and *INC* magazines, and other national and regional publications.

A **Coach** and **Mentor** for CEOs, entrepreneurs and fellow aspiring professional speakers and consultants, Aldonna received an “Alumni Recognition Award” from her graduate school at the University of Pennsylvania in recognition of her leadership in “bringing new concepts to the executive level of corporations.”