

Setting Up a Partnership or Alliance?

How to Choose the Right Organisation

Part 1 - Partner Search



Robin Power, from Affinity Maker™, provides a step-by-step guide to partner search and selection and shares some of the success secrets in selecting the right organisation to establish a partnership or alliance with.

This white paper series on Partner Search and Selection is broken down into three parts:

- **Part 1 – Partner Search**
- Part 2 – Partner Selection
- Part 3 - Success Secrets for Selecting the Right Partner Organisation



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In the first part of this three part series on Partner Search and Selection, Affinity Maker™ will take you through the basic steps of partner search.

The following are the typical steps we would work through with a client to begin the search process for a partner:

1. Assessing your readiness to partner
2. Develop the profiling criteria to establish if there is brand alignment and compatibility with the potential partner
3. Develop the thorough screening and assessment process of potential partners
4. Partnering Documentation Pack Preparation
5. Potential Partner Identification
6. Select organisations to approach
7. Developing the pitch for each potential partner organisation

The nature and complexity of the partnership to be entered into will determine the depth to which each stage of the partner search process should be entered into.

Assessing Your Readiness to Partner

"By failing to prepare, you are preparing to fail." - Benjamin Franklin

Partnering can be a complex and challenging process and to be successful they require a number of pre-conditions. One of these preconditions is that the partner organisations are ready to partner.



Often there is an assumption that the initiating organisation has the relevant internal structures in place as they have been responsible for the development of the partnership to this stage. This may not be true; organisations may have hidden agendas for embarking on a partnership mission. They may be about to undergo a merger or change in leadership or be suffering internal crisis. This will affect the ability to achieve partnership objectives. A broker or facilitator like Affinity Maker™ can play a fundamental role in working with partners organisations to help them understand their internal position and capacity for partnering.

The steps mentioned above assume the client has a clear partnership strategy which would have established the partnering purpose, established whether a partnership or alliance is an appropriate route to follow and identified which structure on the partnership spectrum, from co-existence to co-ownership, the partnership should adopt. A partnership strategy platform to set assess and evaluate performance against its objectives would have also been defined and, if appropriate, a regulatory review would have been carried to identify any regulatory blocks or hurdles.

This would be supported by a business plan or business case (which links to your partnering strategy) and dove tails with the organisations broader strategy. The following are also need to be in place:



- Capital - available
- Resources – available and with the right level of authority to act
- Skills - especially project management
- Intellectual Property (IP) Framework – so that partners can engage openly in discussions in a protected environment
- Internal Controls - ability to manage partnering arrangements
- Capacity to Deliver – partners can increase your business by magnitudes
- Credibility – a track history of partnering success

Have your own house in order before approaching others. A prerequisite for partnership is to be honest, brave, and transparent in one's dealings. A business leader who doesn't have the courage to put their cards on the table and have tricky conversations will find it very difficult to be an effective business partner.

Look at how well your company partners internally. If your IT department can't talk to the Strategy team, or the messages within your company are inconsistent, then you don't have the foundations you will need to sustain effective external partnerships when the going gets tough.





Brand Alignment and Compatibility Assessment Development

Many clients experience this step as their first interaction with Affinity Maker™. The brand alignment and compatibility assessment is part of the Affinity Engine™ ‘Business Matchmaker’ service, an online tool used as a first step to helping organisations find suitable partners.

The objective is to capture the specifics of the intended target markets and develop a way of efficiently evaluating whether there is a high level alignment with a potential partner.

- What are you looking for from a partner
- Potential industry sectors you would like to work with
- What can you offer a partner
- Demographic and Psychographic profiling

Psychographic profiling collects attributes relating to customers personality, values, attitudes, interests or lifestyles. Psychographics are primarily attitudes and values that define and influence lifestyles and purchasing patterns. Psychographic mapping looks at the values that underlie behaviour. Behaviour is generally a strong determinant of opinion. Therefore the driver is values > behaviour > opinion. Understanding the underlying motivations of how and why particular people make their purchases helps to create a superior brand match

Potential Partner Screening and Assessment Process Development

The quality of the *right* partner predicts the quality of partnership. However there are five key elements to the screening and assessment processes that need to be developed and executed to holistically review the overall package the partner brings to the table and therefore the select the *right* partner. They are:

- Strategic Analysis
- Organisational Strength Analysis

- Technology Analysis
- Financial Analysis
- Legal Analysis

The Strategic Analysis is the most fundamental analysis because without strategic and objective alignment, the partnership is not going to work. A market analysis is important to assess a potential partner’s strength in the chosen markets and their reputation. It’s also important to assess how the organisation will be limited or restricted by the involvement of the partner.

The Organisational Strength Analysis covers four aspects:

1. Organisational Issues (Procedural) to evaluate processes including decision making
2. Cultural Issues (Attitude) to understand the partner’s values, management style, cultural and behaviour differences and to evaluate the potential risks
3. Capability Issues (Skills) to evaluate the partners capability to actually deliver on promises including meeting timeframes and objectives, partnering track history and assess the complimentary nature of skill sets
4. Commitment Issues (Focus) to understand the potential for distraction and disruption and to understand the appetite for collaborative working.

The Technology Analysis plays a role where organisations are planning to link up IT systems or software is going to be developed as part of the partnering arrangement. Depending on the expertise of your own organisation, it may be prudent to engage professional advice so don’t rely on your judgement alone. The Technology Assessment is assessing the capability and sophistication of an IT partner and their products.

The Financial Analysis is essentially to ensure the potential partner has the financial strength and staying power to deliver on your objectives.

The Legal Analysis is a legal analysis of the potential

partner, for example to identify pending litigation in relation to relevant patents and to clarify the appropriate structure for the partnering arrangement. When approaching potential partners, it is also important to protect intellectual property rights, confidential information and business 'know how'.

The final stage of developing the screening and assessment process is to establish the Partner Approach Strategy. A decision needs to be made which route is most appropriate to follow:

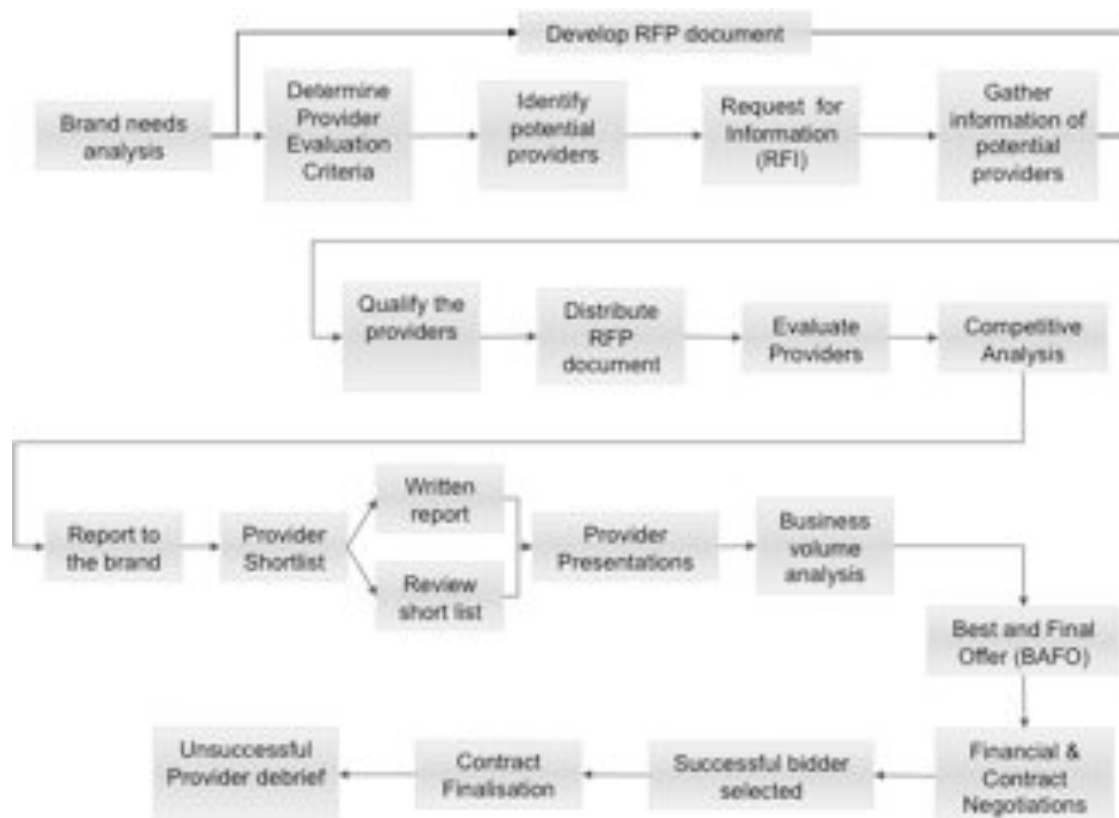
- Competitive tender or Request for Proposal
- Direct approach

The process of developing the thorough screening and assessment process for potential partners will bring a higher level of clarity to your own organisation on how the partnership is going to work at both a strategic and operational level.

Partnering Documentation Pack Preparation

Request for Proposal (RFP)

The process flow diagram below gives an overview of the typical RFP process. The RFP or tendering document with usually includes the following sections:



- General Information
 - Organisational Overview
 - Confidentiality
 - Limitation of Liability
 - RFP Schedule of Dates
 - Proposal Specifications
 - Instructions for Submitting a Proposal
 - Additional Information or Clarification
 - Contact
 - Basis for Award of Contract
- Technical Requirements
 - Time-Cost
 - Request for References
 - Description of Requirements
 - Needs Analysis / Target Audience
 - Project Management
 - Performance Management
- Other Required Deliverables
- Contract Terms and Conditions

Partnering Guide

With a Partnering Guide, you avoid ambiguity and prevent misunderstandings about what is being proposed. Additionally it will:

- help potential partners fully prepare themselves in line with your business objectives
- raise your profile within the prospective partners organisation
- differentiate you from your competitors
- increase your brand awareness
- weed out timewasters
- speed up the potential partners' decision making processes

The Partnering Guide typically contains:

- What you have to offer
- Why you have chosen this route to market
- What types of partners you are looking for
- Why their clients will be interested
- Why they should be interested
- ... and more

Potential Partner Identification

We recommend identifying all potential partners and resisting making judgements about their relative importance or suitability. We suggest using three sources:

1. Affinity Engine™ - Identifying suitable organisations to connect to using our 'Business Matchmaker' database that supports partnership development. It contains the vital information that enables us to spot partnership opportunities, identify target partners and broker relationships for our clients.
2. Industry Connections
3. Market analysis

Select Organisations to Approach

From the long list, identify those that meet your brand alignment and compatibility criteria by carrying out the profiling exercise, described earlier.

Winnow down the list further it according to your partnering and business objectives. Ask others the value they have derived from involvement and sample an 'event'.

They will be unanswered questions which should be raised during the initial approach discussions.

Remember that potential partners will be considering what your business can do for them as well.

Pitch Development for each Potential Partner

In some cases, it is important to tailor the pitch to the partner organisation or brand. This may include tailoring your 'Partnering Guide' to each potential partner. Industry insight and understanding the dynamics of the potential partner can make a pitch extremely compelling.

This may involve Unique Selling Proposition or product feature development. With any pitch it is vital to quantify the value on what you are bringing to the table. You wouldn't sell your house without having an idea as to what it's worth. For example, when negotiating a brand partnership, develop a rate card of opportunity to allow you to negotiate from a position of strength.

Ask yourself the following questions

- What is your brand worth to the other (case histories, ROI can help define this)?
- What is the media value of any reciprocal marketing opportunities you are offering?
- Compare the anticipated results against what it would cost them to achieve the same objectives without the help of your brand.

It always pays to have a clear idea of what you are worth as this allows you to ask for contra offers against each benefit you bring.

Remember, establishing a partnership or alliance is an investment and needs to be treated as such.

Robin Power is a partnering and alliancing specialist and is Managing Director – Asia Pacific at Affinity Maker Pty Ltd (www.affinitymaker.com), an international boutique consulting company that helps clients create new partnerships and alliances or make existing ones work better.

Affinity Engine™



The Affinity Engine™ was designed to aid organisations who fall into two categories: those looking to establish new partnerships or alliances to grow revenue, introduce innovative products or services or reduce costs. And secondly those that have a partnership or alliance at any stage, from concept through to full functioning and are experiencing challenges to get it to function optimally. Making Partnerships and Alliances Work is all we do. Why step into an unknown and potentially risky venture unprepared when you could arm your organization with a series of tools and techniques that would ensure the greatest likelihood of success.

Affinity Maker™ is an international boutique consulting company that helps clients create new partnerships and alliances and make existing ones work better.

To find out more about our services or to start using the Affinity Engine™ visit our web site www.affinitymaker.com

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