

MANAGING ALLIANCES AND PARTNERSHIPS IN THE ENTERPRISE

Building alliances and partnerships has become a common strategy for many enterprises to develop, improve, launch or sell their products. Yet although joining forces is very useful, this does not happen without considerable effort. It has therefore become imperative to invest in the management of alliances and partnerships to ensure success. However, despite being a central function within a large number of enterprises and industries, the management of these relationships has still been little studied.

In an earlier issue of LabEx Entreprendre Publications, we presented an overall view of alliances and partnerships, giving notable attention to the nature, characteristics and impact of these inter-firm collaborations. In the present issue, we provide a more in-depth analysis and respond to the following questions: Are specific personnel responsible for managing business alliances and partnerships? Do these professionals work as a team or on their own? What department of the enterprise do they report to? What tools do they use to manage the alliances and partnerships? What are the main factors of success and failure of these collaborations?

We based our study on the OBSAP survey which was sent to the members of the professional organizations ASAP-France and ADALEC and conducted between April and September 2014.²

Our results indicate that the alliances and partnerships are handled by dedicated personnel in most enterprises. In general, a team of people (2-5 professionals) manage these relationships, but some businesses reported that they have no specific managers to deal with these questions.

Alliances and partnerships are generally managed by a team that reports to the Sales Department or Senior Management.

Our results also indicate that most enterprises have established best practices and use specific tools for the governance of their alliances and partnerships.

The most successful alliances and partnerships have only a very small number of partners and scrupulously respect formalized contracts. The main factors of success are a clear perception of the mission, cooperation as an objective, mutual trust, and high-quality governance of the relationship.

However, it appears that a lack of communication between the partners, a lack of compatibility between the corporate values/cultures of the partners, and a lack of support or commitment of the Executive Committee during the operational phase of the alliance or partnership are the main factors of failed cooperation.

¹ LabEx Entreprendre is government-funded through the National Research Agency as part of the "Invest in the Future" program; reference: ANR-10-LABX-11-01.

² This survey was conducted by researchers at the University of Montpellier within the framework of LabEx Entreprendre and under the direction of Professors Frédéric Le Roy and Estelle Boucher. Their main research topic is inter-organizational strategies. In all, 101 individuals responded to the questionnaire. The Association of Strategic Alliance Professionals (ASAP) is an international professional organization dedicated to business development through strategic alliances. The French Association for Responsible Partnerships (ADALEC) is dedicated to promoting responsible partnerships, sharing professional best practices, and creating convivial meeting spaces. For further information about the questionnaire, please contact Laurène Blavet (+33 (0)434 432 127).



RESPONSIBILITY FOR MANAGING ALLIANCES AND PARTNERSHIPS

Sixty-nine percent of the respondents reported that managing alliances and partnerships in the enterprise where they work was the responsibility of a dedicated manager. Twenty-eight percent named the CEO as responsible for managing these collaborations and 16% named the head of the Sales Department.³

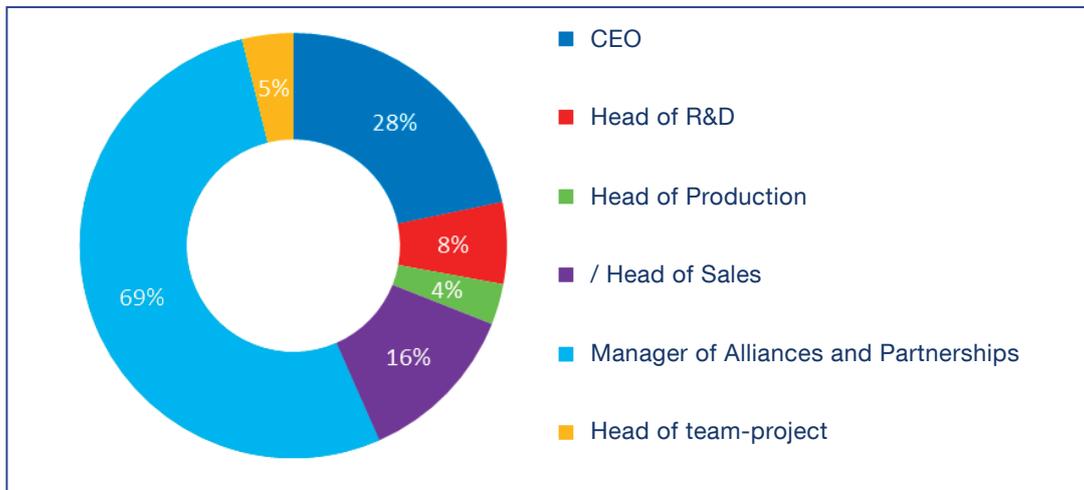


Figure 1. The manager of alliances/partnerships in the enterprise

NUMBER OF MANAGERS OF ALLIANCES AND PARTNERSHIPS

Sixty-three percent of the respondents indicated that their enterprise had several managers of alliances and partnerships, 24% reported that there was one manager, and 13% said there was none.

A MANAGEMENT TEAM FOR ALLIANCES AND PARTNERSHIPS

Seventy-three percent of the respondents indicated that alliances and partnerships in the enterprise where they work were managed by a team and 27% reported that they were managed by one person. The management teams were usually composed of two to five people (67%). For 19% of the respondents, however, the team was made up of over 15 people, 7% reported teams of six to ten people, and 7% reported teams of 11 to 15 people.

Most often, this team reported to the Sales Department (46%) or Senior Management (42%).

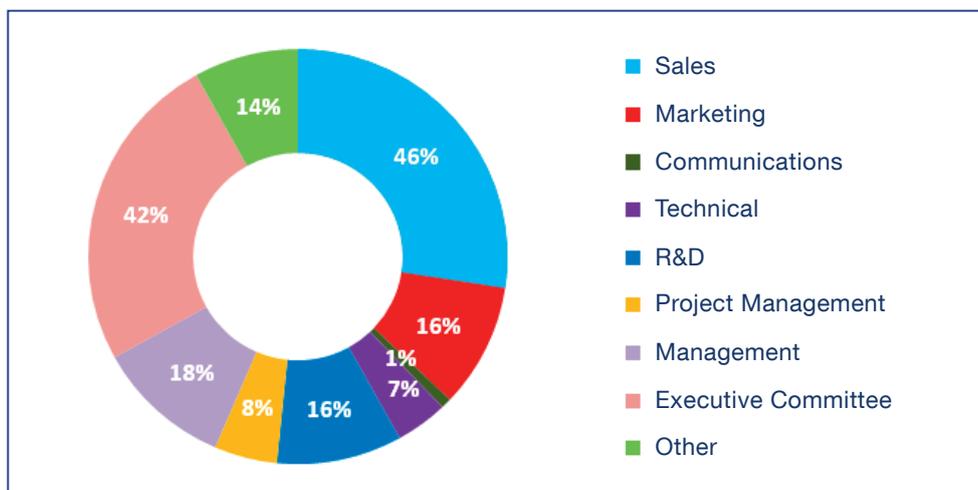


Figure 2. Management teams and who they report to⁴

³ For this question, more than one choice was possible, which explains why the total exceeds 100%.

⁴ Idem.

TOOLS FOR MANAGING ALLIANCES AND PARTNERSHIPS

The vast majority of the respondents (89%) indicated that their enterprise had implemented practices and tools specific to the governance of alliances and partnerships. The most frequent were internal communication tools (70%), guidelines (68%), and quantitative tools (58%). Qualitative tools (51%) and training (49%) were also often mentioned.⁵

FACTORS OF FAILURE OF ALLIANCES AND PARTNERSHIPS

The main factors of failure cited by the respondents were poor communication between partners (72%), a lack of compatibility between the corporate values/cultures of the partners (66%), and a lack of support or commitment of the Executive Committee during the operational phase (64%).

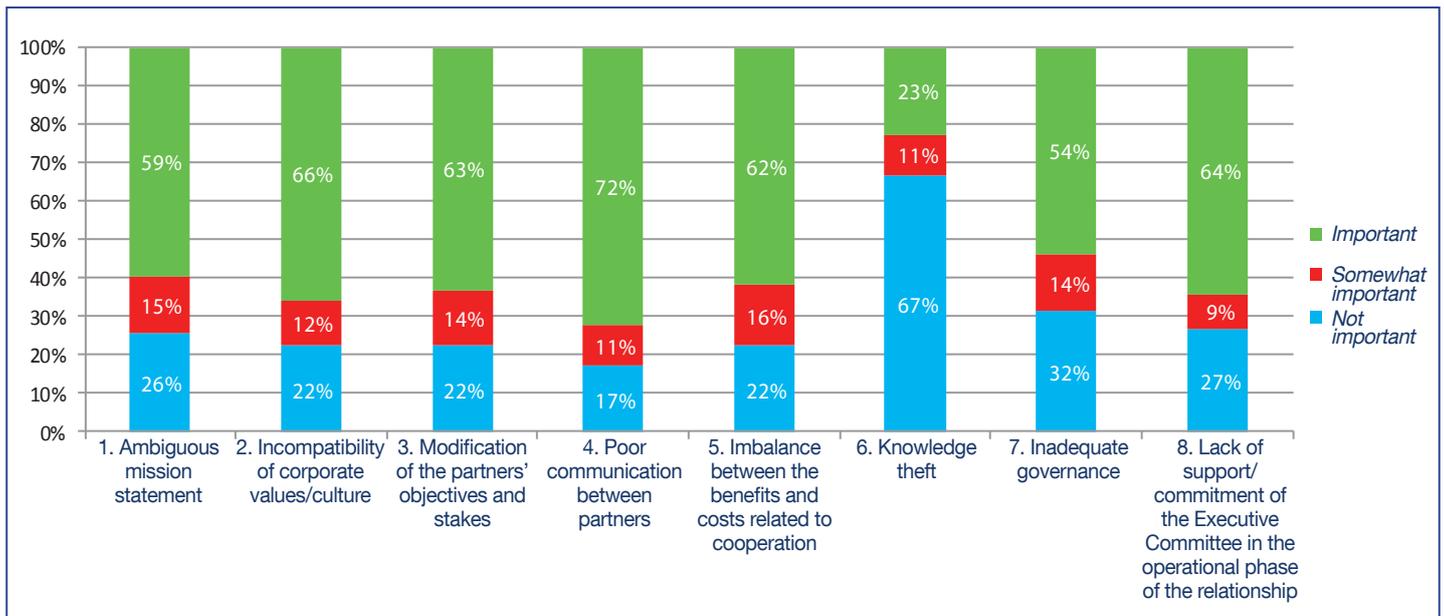


Figure 3. Main factors of failure of the alliance or partnership

FACTORS OF SUCCESS OF THE ALLIANCE OR PARTNERSHIP

To analyze the factors of success, we asked the respondents to select only the alliance or partnership they considered most beneficial in terms of profits for the enterprise.

- **Number of partners:** successful alliances and partnerships are typically with a single partner (43%) or with two partners (34%).

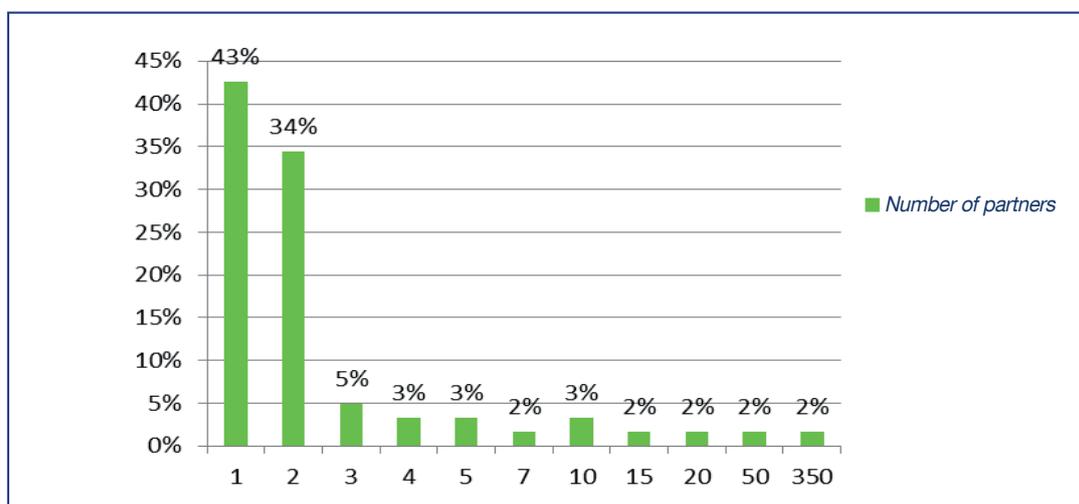


Figure 4. The number of partners in an alliance or partnership judged to be successful

⁵ For this question, more than one choice was possible, which explains why the total exceeds 100%.

- **Formalization:** For 46% of the respondents, the most beneficial alliances or partnerships are “**very formalized**” in terms of the contract and for 38%, the contracts are “**formalized.**” Only 14% responded “**not very formalized**” and 2% responded “**informal.**”
- **Duration of collaboration:** The results for the duration of successful collaboration are **relatively balanced.** Approximately the same number of respondents reported a beneficial alliance or partnership lasting between 1 and 3 years (21%), between 3 and 5 years (27%), between 5 and 10 years (20%), and more than 10 years (27%). On the other hand, it should be noted that only 4% reported that the most beneficial collaboration lasted “less than 1 year.”
- **Factors of success:** The principal factors of the success of these alliances or partnerships are the **clear perception of the mission and cooperation as an objective** (87%), **high-quality governance of the relationship** (86%) and **trust between the partners** (84%). The full set of listed parameters was nevertheless judged as important by more than two thirds of the respondents.

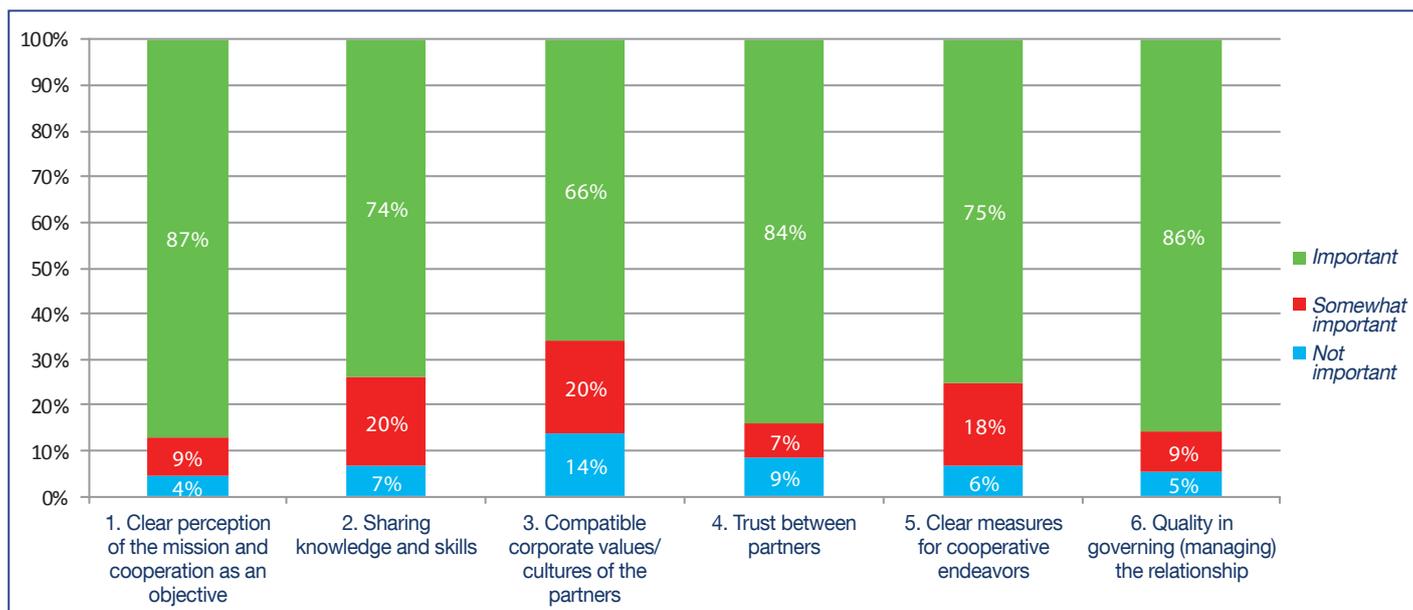


Figure 5. Main factors of successful partnerships and alliances

CONCLUSION

Our survey shows that for the most a dedicated staff manages the alliances and partnerships. These professionals are often part of a team reporting to the Sales Department or the Senior Management of the enterprise. The teams use management tools developed specific to deal with alliances and partnerships.

The main factors of failure are related to problems in communication, a lack of compatibility between the corporate values/cultures of the partners, or a lack of support and commitment of the Executive Committee in the operational phase. The success factors are primarily good communication and trust between the partners.

References

LABEX ENTREPRENDRE, Livre blanc sur le management des alliances et des partenariats (*White paper on the management of alliances and partnerships*), Montpellier (in press, 2016).

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