Partnering 2.0 - from fudge to a firm structure

What is it about and how does it work? How could you benefit from Partnering? If you go for Partnering, are there any processes and tools available to simplify the work? What are the main risks and how should you avoid them? And how about the legal aspects and handling of IPRs involved?

Let me briefly sort out a few questions on Partnering. This is about *business partnering*, where two, or a few, companies work closely together to achieve something they cannot do on their own. This type of Partnering is also called strategic alliance, strategic partnering and partnership.

What is it about?

Partnering is like a marriage. It is entirely built on trust, trust and trust. When trust is gone, the partnership breaks.

Both parties, as in a marriage, will try to achieve something significantly better than what they can do on their own. The life length of a partnership is however shorter than a normal marriage – around 2-6 years.

A more precise definition of partnering is:
"An alliance is a voluntary, long-term, contractual relationship between two or more autonomous and independent organizations (i.e. firms), designed to achieve mutual and individual objectives by sharing and/or creating resources" (Ariño *et al.* 2001).

Is Partnering the right way to go? Both yes and no! More than half of all partnerships fail. The main reason is that they should never have been started in the first place - the culture barriers are too large and none of the parties has skills enough to make the partnership a success.

Why go for partnering then?

Despite the fairly low success rate for partnerships there are many good reasons to go ahead - provided you have the relevant knowledge and skills.

The mains reasons for partnering are:

- Fast access to new skills and technology, innovation, markets and customers.
- Lower risk than doing it alone.
- A good alternative to acquisition (including the try and buy possibility).

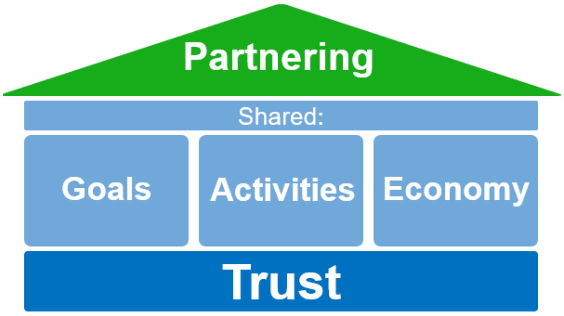
How does it work?

It starts with *trust*. This is the foundation that must be in place during the entire life of the partnership.

Secondly, the partners should agree upon common *goals* for the partnership.

Thirdly, the partners should also agree upon *activities*, both own and shared, to secure goal fulfilment.

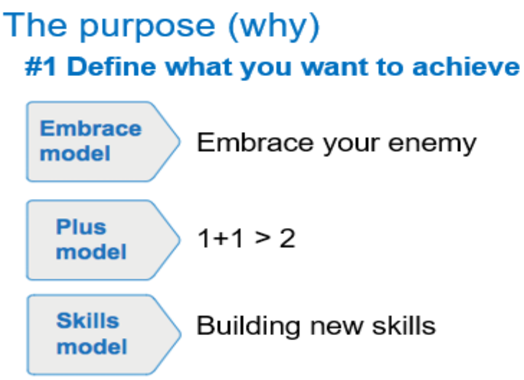
Last but not least, a *shared economy* should be in place. A shared economy means e.g. shared patents, lab, project, profit & loss. The shared economy is of course only within the Partnering Area. The borders of the partnership defines the Partnering Area and is a very important element in the set-up of the partnership.



A simplified illustration of Partnering

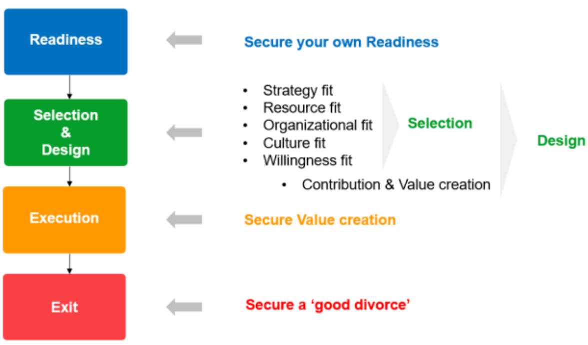
Tools and process

There is a variety of tools available in Partnering 2.0 to secure successful partnering. The tools target different phases of the partnership including own readiness preparation, selection of partner, value creation and follow up. One of the tools is the Why Tool below:



The full version of this tool helps you to define what you are aiming for. Many partnerships fail because the purpose is unclear!

The partnering process is sometimes quite complicated but the short version below illustrates a few key milestones:



Risks and opportunities

One of the largest risks is that trust slowly declines – for some reason. This risk can however be managed through a good governance model and by anchoring the partnership on all relevant levels.

Different cultures often cause problems. If the barriers are small they are definitely possible to overcome simply by focusing on the goals and tasks, showing respect but also having fun together!

Cross-functional teams from both companies working together within the Partnering area is another good recipe for a healthy partnership.

Legal aspects

The foundation of partnering is trust. However trust is a complicated area in legal terms. "Plan for marriage but draft for war" is what is recommended. Particular attention must be payed to the ending of the partnership. This is very important when it comes to IPRs, common products, maintenance etc. By using dedicated checklists, all phases of the partnership can be simplified – not least the ending. Secure a happy divorce in advance!

Partnering 2.0

If you decide to go for Partnering, the unique easy-to-use concept Partnering 2.0 will secure your success!

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