

Growing Through an Alliance

An Alliance is a group of like-minded individual/companies who understand that by joining forces they have more opportunities to undertake work that alternatively they could not get access to on an individual basis.

The two common types of alliances in business are:



Service Expansion Alliance:

This is a group of non-competing individuals/companies who have complimentary services/products that when combined enable a customer to deal with only 1 party. They may also enable the members of the alliance to access larger jobs that the individual businesses may not alternatively be considered for.

Market Expansion Alliance:

This is a group of individuals/companies who are operating in the same industry and considered potential or actual competitors. The main driver behind this type of alliance is to open up a section of the market that they currently can-not access. This is usually based on the collective being considered big enough to access and handle much larger jobs than the stand alone individuals/businesses would be able to access.

No matter which type of alliance you are setting up, history has shown that this tactic can be fraught with danger and it is imperative that the alliance is set up and documented correctly from the beginning.

Setting up an alliance takes a lot of belief, fortitude and persistence and before going down the alliance path you need to make sure that:

1. The alliance is going to add greater value to all key stakeholders than is currently available in the market
2. There is a clear reason and outcome to setting up the alliance
3. All parties who are going to form part of the alliance are committed 100% to the alliance
4. There is actually a need for the alliance in the market

Once you have determined that there is a place for the alliance you need to commit to setting it up just like you would any other successful business. Let's be straight with this - If you are going to make a half-hearted effort and see what happens, then your alliance will not go anywhere. This is where a lot of potential alliances fail.

One of the greatest obstacles to overcome is the mental game. Everyone needs to be on the same page and have an attitude of the greater good of the alliance rather than an individual looking at the alliance from a selfish point of what they

can get from it as an individual. You need to change everyone's thinking from a ME ME view point to an US view point.

Once you have buy in and commitment from all parties in the Alliance, some of the keys steps you need to take follows:

- A clear and agreed Focus and Direction about the alliance
- A clear message about where they alliance fits in the market and what differentiators it brings to the market
- An appropriate structure that will enable the alliance to deliver on its end goal
- Full documented agreement on the alliance (its constitution, rules and regulations, responsibilities, finance - contribution and distribution, termination of members of the alliance, voting rights, etc)

It is crucial to document everyone's agreed intentions from the beginning, because history shows that if you do not do this, people's intentions can differ down the track and lead to legal action.

- Fully documented Strategy, Business and Marketing plans including how the alliance will be resourced and who will be responsible for what
- A fully documented budget that includes the key operational and marketing strategies for the next 3-5 years
- Develop the Alliance Company Statements including Vision, Mission & Purpose
- Develop the Alliances Core Values by which it will operate and by which everyone needs to adhere to when working on behalf of the alliance
- Where the individual companies fit in to the overall alliance to ensure there is no overlapping or people doing business in their individual companies that should be handled in the alliance

It is not easy putting together a successful alliance, however if it is done correctly and everyone involved in the alliance are focused on the best outcomes for the alliance and its customers, the rewards will far exceed anything the individual companies may achieve on a stand-alone basis.

If you are looking for assistance in building a successful alliance, then contact Darren Wedge from Wedge Consulting International on 1300 323 133 or mike@wedgearcorp.com.au or Darren@wedgearcorp.com.au

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