

# Companies look to strategic alliances to drive corporate growth

## Strategic Alliances

MORE and more companies are turning to strategic alliances to accelerate corporate growth, tap new sources of innovation, and open new markets through effective partnerships, with the executive sponsor role playing a vital part in the success of such alliances.

In a 2007 study on alliance management capability, commissioned by the Association of Strategic Alliance Professionals and conducted by the United Nations University, it was found that "most companies expect the contribution of alliances to the value of the company to increase from the current rate of 19% to a rate of 47% in five years' time".

## Beginning At The Top

A successful alliance programme begins at the top with the support of the CEO. Like many other things, the CEO influences company culture, models the behavior and sets the priorities in collaborative relationships. CEO support and that of the CEO staff fosters the environment where alliances can thrive and deliver results.

When you look at the management model of strategic alliances, it becomes clear why this level of support is critical. As strategic alliances stretch across a company's value chain, you find that company to company collaboration touches multiple functional organisations — R&D, operations, marketing, sales and so on.

It takes the active involvement of senior management to keep the behaviours of the functional organisations in alignment with the company's strategic goals in partnering with an alliance.

Companies that are well known for alliance excellence not only foster the partner-friendly environment from the top down but they assign executive sponsors to shape and manage the strategic intent of the most important relationships.

## Executive Sponsorship Programme

IBM is one of those companies that has a well-developed executive sponsorship programme built into its most important alliances. For the largest and most strategic al-

liances, alliance strategy, and performance is reported at the board of directors level and the CEO, Sam Palmisano, regularly meets with his alliance CEO counterpart.

Key business leaders are assigned as executive sponsors, especially to those partners that are considered important to the success of those lines of business for which they are responsible. These executives are actively involved in those alliances and have a clear stake in their success.

## What Does An Executive Sponsor Do?

What are the responsibilities of an executive sponsor? That will vary with each alliance but, in general, here are some of the key roles:

- *Champion and evangelise the value of the alliance.* An executive sponsor serves as an advocate of the alliance across the company. As the executive sponsor participates in discussions with peers in other functional organisations or lines of business, they ensure that the needs and value of the alliance are recognised as strategies are

formed and decisions are made; and

- *Represent the company's position on key issues.* The executive sponsor may also serve as the official company spokesperson on key issues. These issues can represent a full range of topics, including company strategy, product roadmap, and management changes to mergers and acquisitions, especially those that may impact the partnership.

## So Where And How Do Decisions Get Made?

Having a clear, well understood and mutually accepted governance process for problem escalation and resolution is important. But at the end of the day who can make the final decision? This often falls to the executive sponsor and the partner counterpart;

- *Account for overall alliance performance.* In the best sponsorship programmes, sponsors are key stakeholders in alliance success. They are both accountable and rewarded for alliance performance. Ideally, alliance performance is aligned with the executive sponsor's "day job." For exam-

ple, if the strategic objective of a partnership is to speed time to market of a particular product, ideally it is a product in development under the sponsor's management; and

- *Building executive sponsorship relationships.* Executive sponsorship is most effective when the roles and relationships are proactively managed. All too often, sponsors are identified but the relationship doesn't extend beyond the initial business review or golf game. Having to build that relationship in the midst of a crisis when it is needed the most is a troublesome thing.

## Continuity Management

When the roles of an executive sponsor changes, or when an executive sponsor departs, it is necessary to ensure proper and smooth succession.

- *Preparations for executive meetings.* Preparations may include briefings on topics and actions that were discussed in prior executive meetings, background information about new developments that are relevant to the alliance, and areas that may need special attention. Ideal-

ly, topics covered in executive meetings were reviewed and agreed to in advance by both alliance teams.

- *Follow-up and implementation.* Whenever possible, the senior alliance managers should participate in executive meetings. This ensures that the alliance managers are fully aware of agreements that may be reached, the rationale and dynamics behind them, and any commitments to action that are needed for implementation.

## In Summary

Strategic alliances represent a wonderful opportunity for corporate growth. But like any relationship, it takes effort to build trust between the parties and keep the lines of communication open. The alliance managers need to ensure they keep their executive sponsors appropriately informed and involved. Their success depends upon it.

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