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# ***An Introduction To Strategic Alliances: “Removing The Barriers”***

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***Dynamics for Growth***

***“Taking your Business to the Next Level”***

# Agenda

- Definition of an Alliance
- Strategy
- Why Are Alliances Formed?
- Why Form an Alliance?
- How to Form an Alliance
- Types of Alliances
- Alliance Workflow: Six Dynamics Steps
- What is Your Value Proposition?
- Q&A

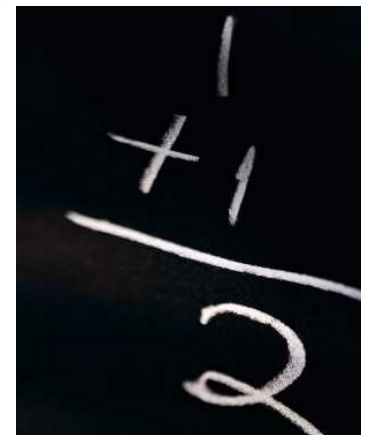


# Learning Objective

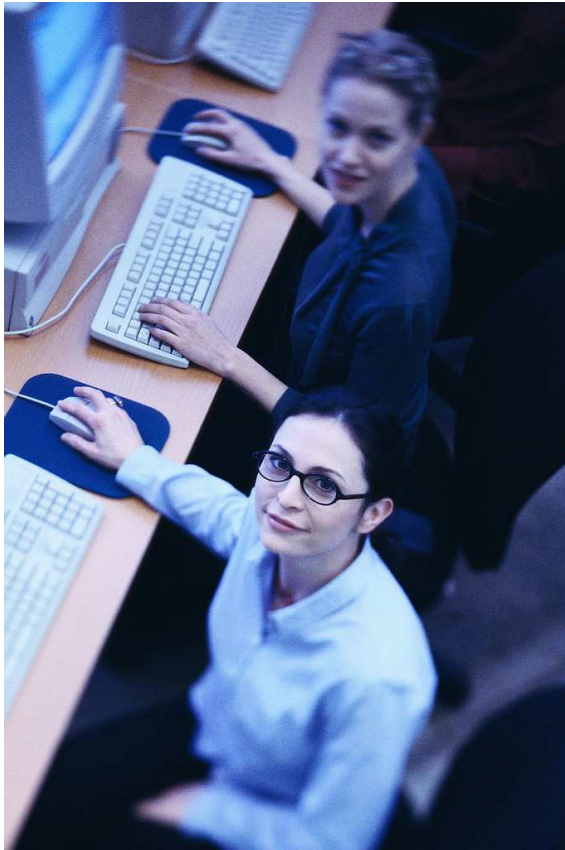
- After this workshop participants should have a basic introduction to strategic alliances or teaming arrangements.



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# Additional Workshops



- **Unit I: Beginners**
- **Unit II: Intermediate**
- **Unit III: Advanced**



# Alliances

- “Strategic Alliances are defined as agreements between firms in which each commits resources to achieve a common set of objectives.
- Companies may form Strategic Alliances with a wide variety of players: customer, suppliers, competitors, universities or divisions of government.
- Through Strategic Alliances, companies can improve competitive positions, gain entry to new markets, supplement critical skills and share the risk of cost for major development projects.”



# Business Strategy

- Core business: Defining one's own business is the starting point for any strategy. As soon as a definition is arrived at, actions follow from it automatically. But after it has been accepted, it has nevertheless to be questioned again and again, and one must always be on the lookout for better alternatives.
- Customers: In deciding who its customers are and what it is selling, the company at the same time marks out the terrain that it does not intend to enter: the customers it is not setting out to attract, the investments it is not going to action. In this way the company protects itself against squandering its limited resources through not having a clear focus or not following a clearly defined path.
- Activities and achieving objectives: The company must try to reach a dynamic understanding with its workforce. It can, for example, encourage internal diversity to develop competences that it then has "in stock" and promote a type of culture in which changes are welcomed.



# Business Strategy (Cont.)

- Values and capabilities: The values and capabilities that can give a company a lasting advantage are those that it is difficult for a competitor to achieve. They are rare, they cannot be copied, and there is no substitute for them.
- Organization: A company's organizational environment is made up of four elements: culture, structure, incentive systems, and workforce. If all these are to function as desired, then the company must ensure that it shapes the environment in such a way as to support their proper functioning.

Markides, Constantinos C. *All the Right Moves: A Guide to Crafting Breakthrough Strategy*. Boston, MA: Harvard Business School Publishing, 1999.



# Why Are Alliances Formed?

- Reduce Costs
- Increase access to new technology
- Inhibit competitors
- Enter new markets
- Reduce cycle time
- Improve R&D
- Improve Quality



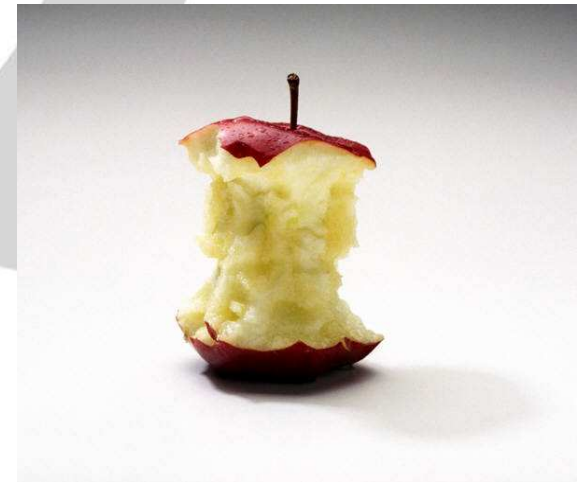
# Why Form An Alliance? (cont.)

- Agility
  - Ability to respond to changing customer needs and/or demands
  - Flexibility to satisfy more complex requirements
- Cost
  - Building Capacity
  - Adding Functionality
  - Managed Tasks



# Why Form An Alliance? (cont.)

- Resource Augmentation
  - Existing Competencies
  - Core/Strategic Processes/skills
  - Skill-sets and Expertise
  - Operational Enhancement
  - R&D Expansion



# Why Form An Alliance? (cont.)

- Increase Capacity
  - Build Networks
  - Think Global
  - Extend the boundaries of your organization into that of other organizations
- Speed
  - “In the old days big beat small, now it’s the fast the beats the slow.”
  - Evaluate alliances to address speed to market concerns
  - Evaluate alliances to address speed to resources



# Types of Alliances

- Project-Oriented Alliance
- Jointed Venture
- Formation of New Company
- Merger

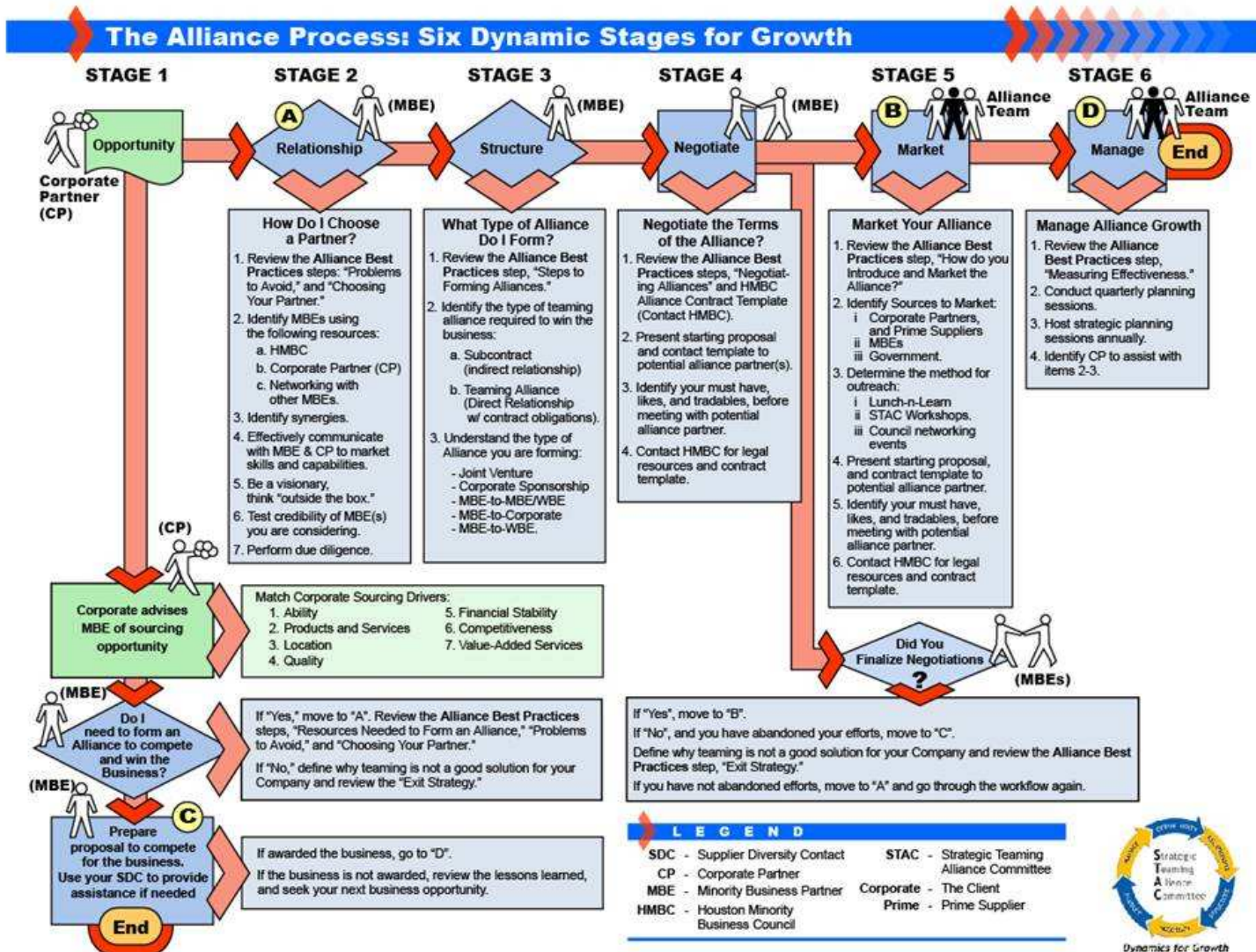


# Types of Alliances: Structures

- WBE-to-WBE
- WBE-to-Prime
- WBE-to-MBE
- WBE-to-Corporate
- WBE-to-Government
- WBE-to-Other Small Business Entities



# Alliance Workflow: Six Dynamics Steps



# What is Your Value Proposition?

## ■ **Value Creation**

- Innovation
- Quality
- Customer Care
- Management Skill
- Alliances
- Research & product and/or service development
- Technology to streamline operations
- Brand value
- Employee relations
- Environmental and community awareness

## ■ **Value Destruction**

- ☞ Customer demand shortfall
- ☞ Competitive pressure
- ☞ M &A integration problems
- ☞ Misaligned products
- ☞ Customer pricing pressure
- ☞ Loss of key customer
- ☞ Regulatory problems
- ☞ Cost overruns
- ☞ Accounting irregularities
- ☞ Management ineffectiveness
- ☞ Supply chain issues
- ☞ High-input commodity prices
- ☞ Lawsuits
- ☞ Natural Disasters

# Question & Answer



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