



Teaming Up: A New Look At Strategic Alliance

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Mergers, collaborations, networks, partnerships. Whatever the shape and form, an alliance between two or more groups has become a common occurrence in our American culture.

We experience strategic alliances everyday, even though they are not always easily recognizable.

Movie production companies form an agreement with other companies to display their products on the screen. The film, "You've Got Mail," is based on two people meeting through their America On Line email. The producers received money to finance the movie while AOL received two hours of advertising throughout the movie.

Master Card and Visa, each separate and independent credit card companies, formed an agreement to not compete against each other. Rather, they linked their organizations together to gain a competitive business advantage over American Express and Discover. Together, they have 81% of all credit card business.

Many local hospitals have formed understandings with their local Nursing Home Associations to exclusively provide in-home nursing

care to patients released from the hospital. In return, the nursing service pays the hospital a finder's fee and refers its in-home patients back to the hospital for out-patient care.

American Express told Americans that every time they used their credit card a portion of their profits would go to refurbishing the Statue of Liberty. They found sales soared as we headed into our country's third century. This planted a seed that has taken root, and has fully grown into an industry based on "cause related" marketing. The 1999 version of this has developed into "cause branding"...for-profit corporations partnering with not-for-profit causes. From the arts to the schools, and in the field of disabilities, we are seeing corporations find new markets and not-for profits find a new stream of funding.

This "brand" of strategic alliance has expanded by 504% in the last nine years. Consumers, when given a choice between two equal products, will buy from the company that has a heart and a cause. Not-for-profits are looking for corporate partnerships and need it to be made very clear what defines their particular "organi-

zation's" brand. In other words, who are you, what do you promise and how do you deliver it?

Knowing who you are and what your aim is in any alliance is important in building a strong foundation. Each of the examples we have given shows how groups have strengthened their individual organizations by linking with similar or competing organizations.

Although strategic alliances have, in the past, been more commonplace in the for-profit world, it has become a basic survival tool for not-for-profits. Simply put, no service organization in today's competitive environment can endure the challenges of changing public funding, stricter oversight regulations, and competition from the for-profit industry without forming relationships with its competitors so they become collaborators.

What is a Strategic Alliance? Any relationship struck between organizations for strategic purposes. These relationships can range from very informal relationships that share contracts and referrals, to more substantial and formal contractual rela-

tionships. What is important in any of these alliances is a high level of respect, an understanding that each party will need to take care of their own interests, and that that is okay. The concept of fairness is mutually agreed upon and it is a process of discovery, as each partner in the alliance sees their reflection differently, in the mirror of diverse partnerships. Intuition, communication, and quick response to potential disconnects are necessary. These considerations may take time initially but can quickly lead to a fast-paced and surprisingly effective alliance.

Types of Alliances:

- **Highest Level of Autonomy:**
Collaborations,
Networks,
Federations,
Management Contracts
- **Mid Level of Autonomy:**
Joint Ventures,
Partnerships
- **Lowest Level of Autonomy:**
Parent company with
subsidiaries,
acquisition,
merger,
creating a new company.

Why consider Alliances:

- Re-distribution or reduction of government funding.
- Cost of providing services increase with stricter oversight regulations.
- General public doesn't understand why we have so many human service agencies and legislators respond by changing public policy to have fewer, but larger agencies.
- Changing needs of population, new medical diagnoses, more diverse groups of people served.
- Changes in service design and implementation due to the managed care philosophy.

How to create a strategic alliance/partnership/collaboration:

- Make sure you have the same value base. This includes values around the work you do as well as the values you have about people in general. A delicate alliance comes from a high-trust organization partnering with a low-trust, highly competitive one.
- You have shared goals.

- There is strong, committed, and complimentary leadership from partners.
- Your services complement each other.
- Identify adequate human and financial resources.
- Developing mutual trust among partners.

As in all relationships there are ebbs and flows, moments of exhilaration and joy, times of frustration and conflict. Therefore, most of us have experience we can bring from both our personal and professional lives that will give us an understanding of what will be required from us. When it works, it a great decision. You will have leveraged your resources and received exponential rewards.

When it doesn't work, there are bruised egos, lingering resentments and lost opportunities. The key here is to know when to get out when the relationship cannot be saved, to leave with dignity and respect for both parties concerned. As one partnership fails, another more appropriate partnership is waiting to happen.

