

Putting Strategic Partnering Into Practice

Check-in code

Strategic876

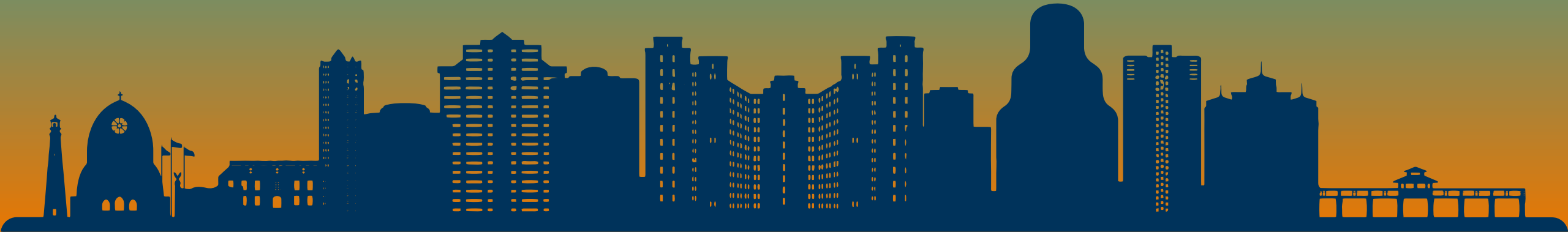


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October 23, 2024



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LEA GLOBAL WORLD CONFERENCE 2024



Success Factors

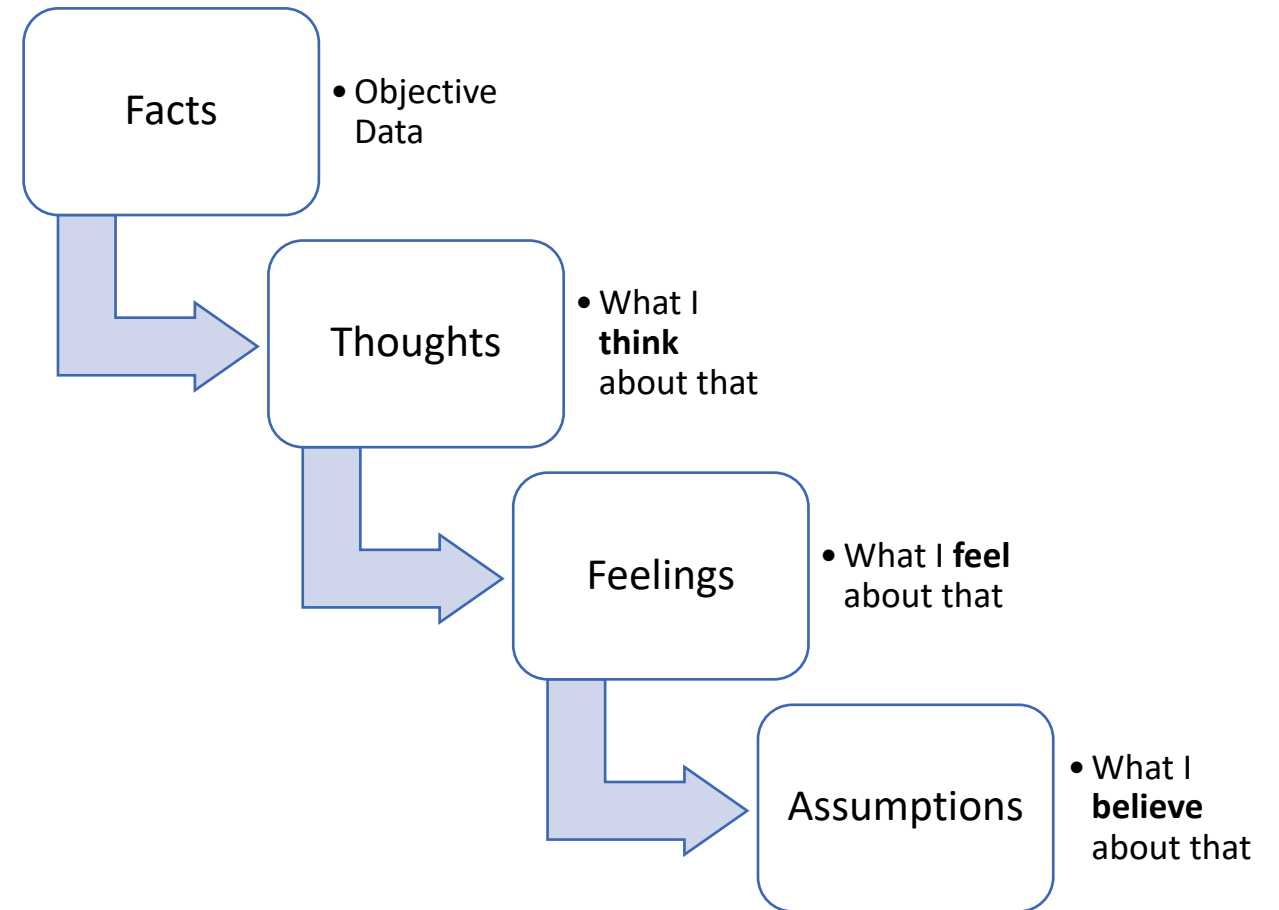
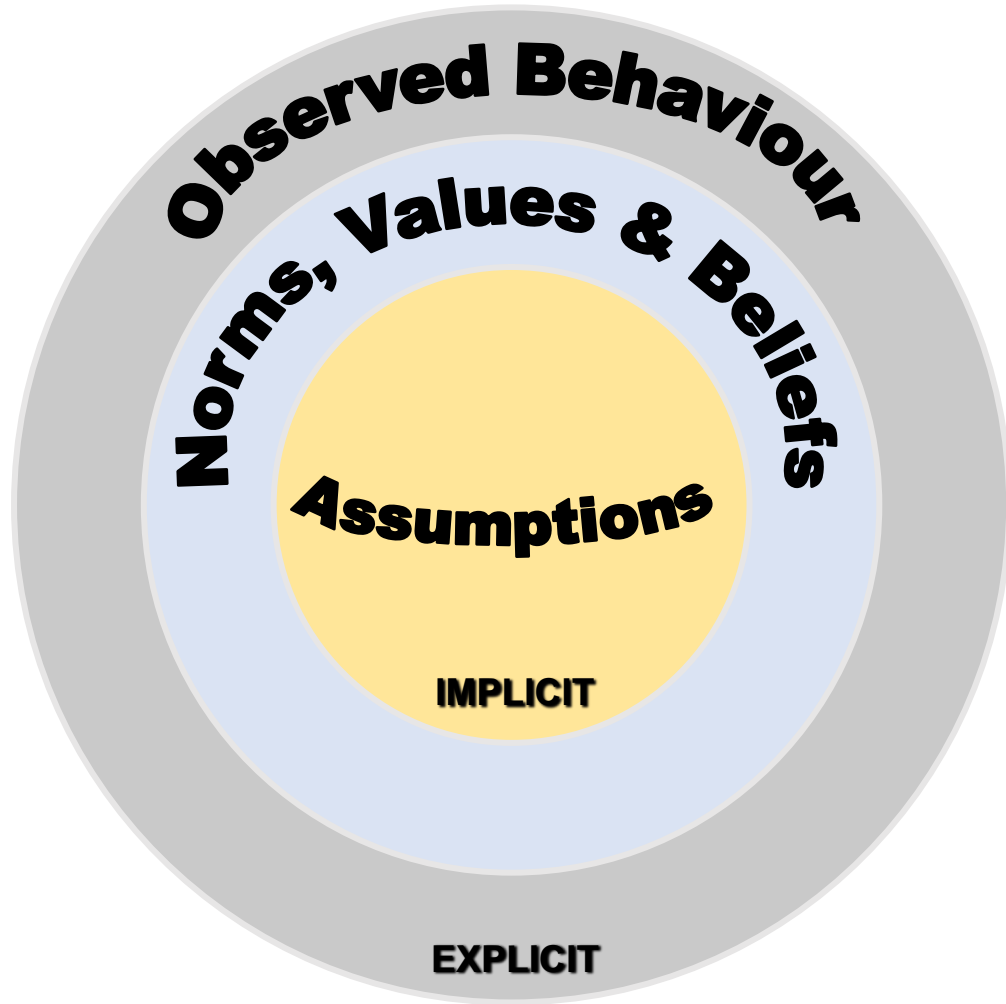
- S Strategy
- C Culture and Chemistry
- O Organisational and Operational
- P Performance Measurement
- E Equality

Success Factors

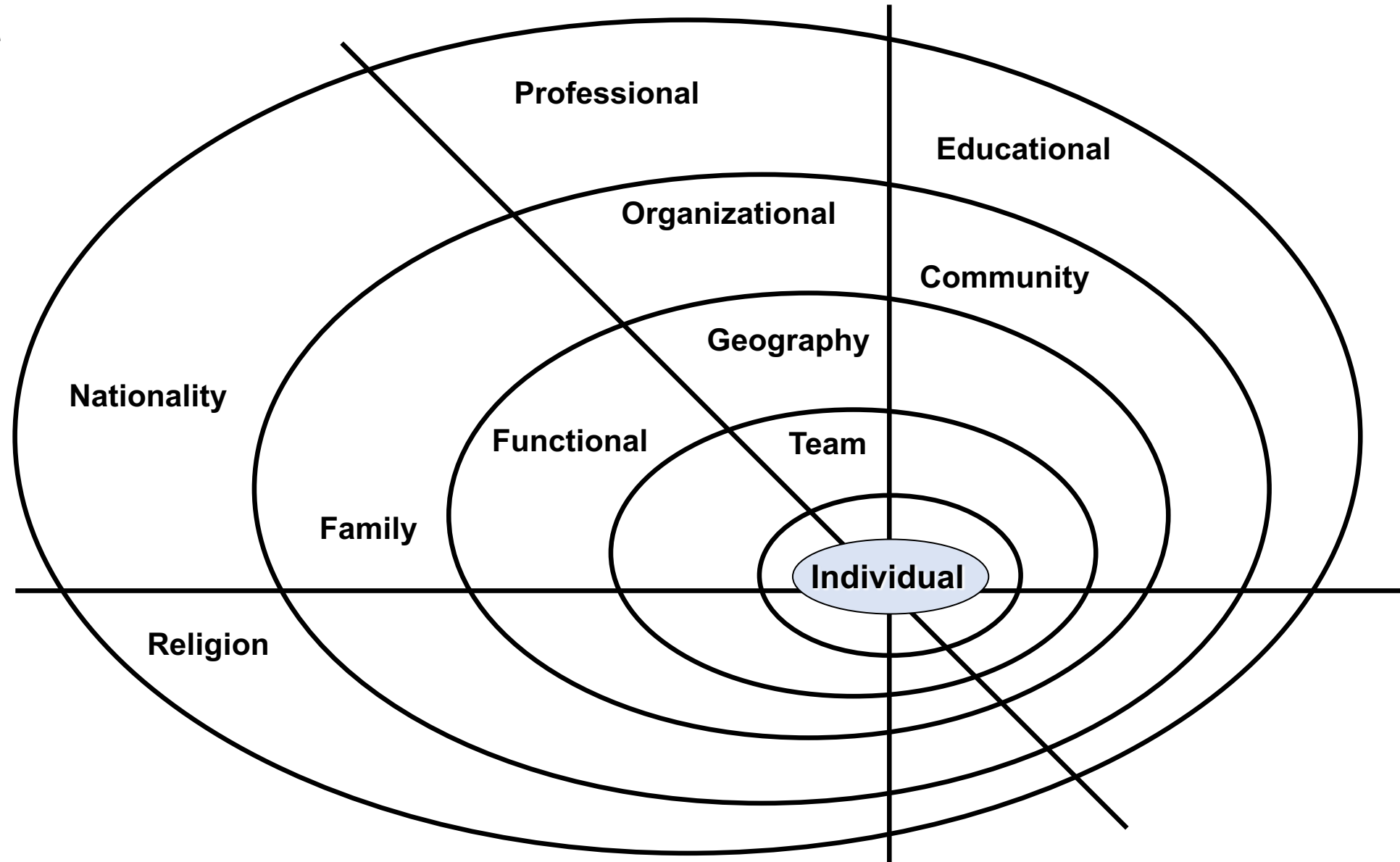
- **Culture & Chemistry**

- “Planning for the mechanics of value extraction is worthless unless employees are both willing and able to implement them”
 - How do you ensure that the culture of the proposed partner can work effectively within or alongside your culture?
 - What are the ‘hot buttons’ in your culture that a potential partner would need to understand to be able to work with you?

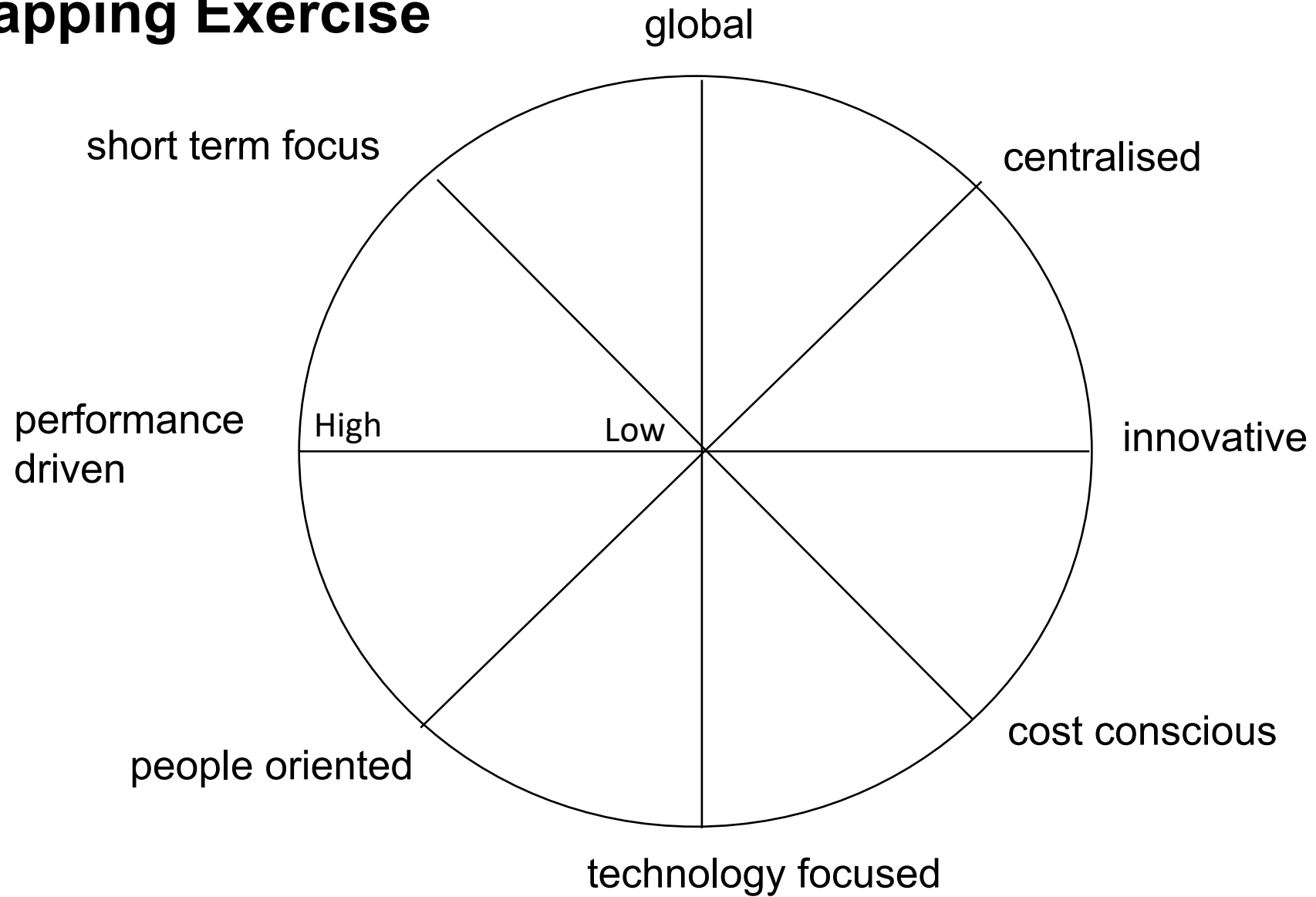
Success Factors: Culture



Cultures that shape our assumptions



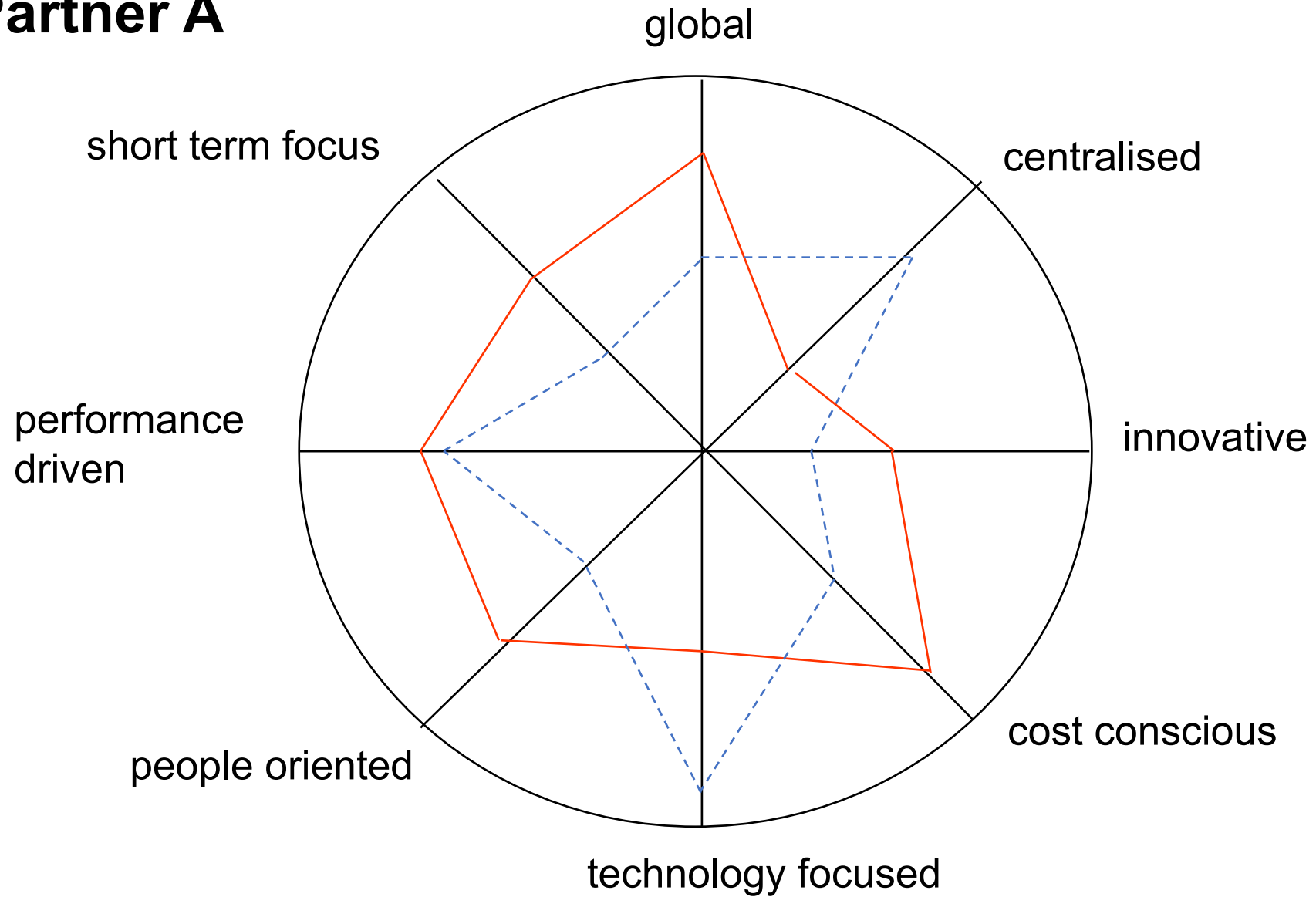
Cultural Mapping Exercise



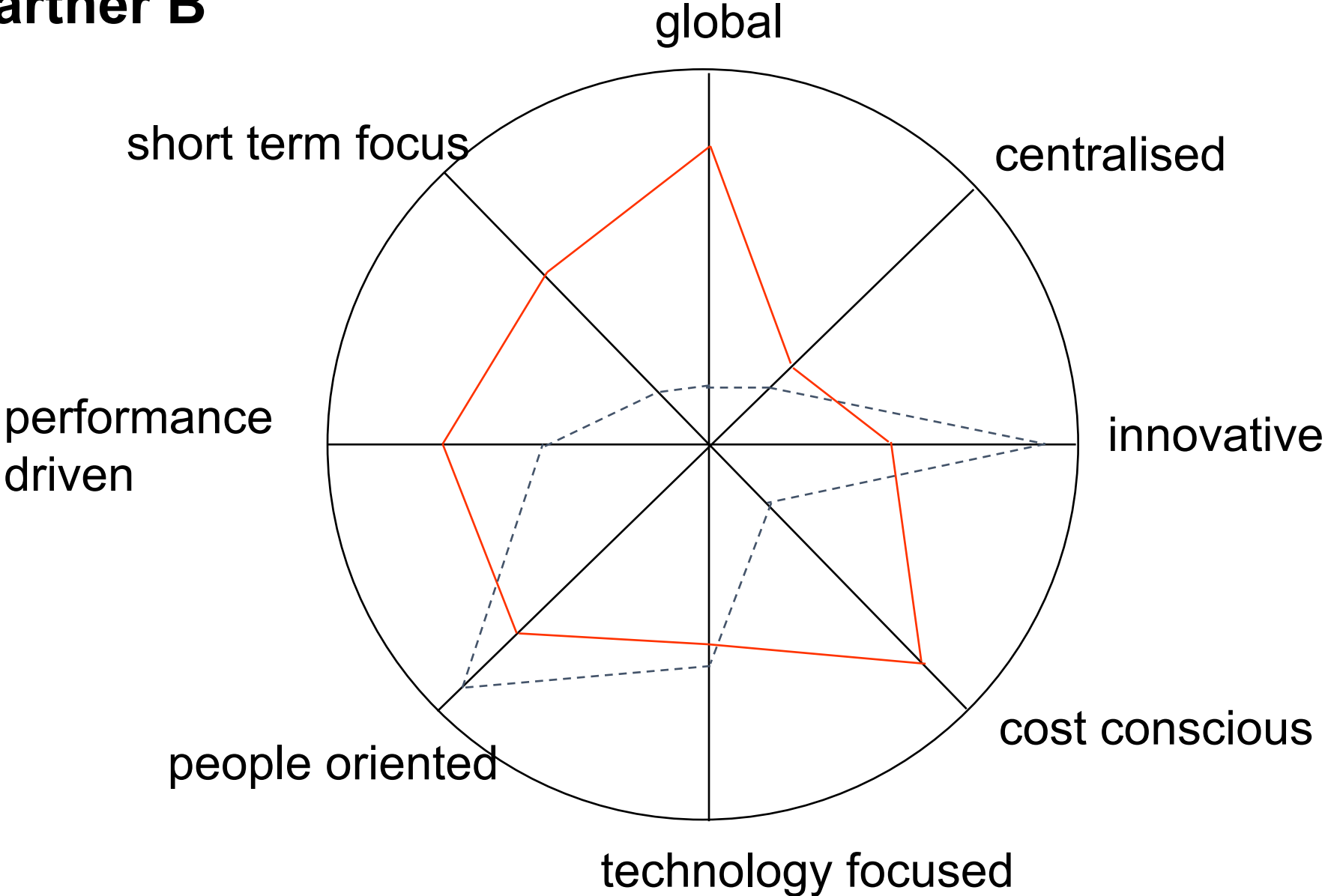
Which of the potential partners would
you choose to partner with?

A, B, or C

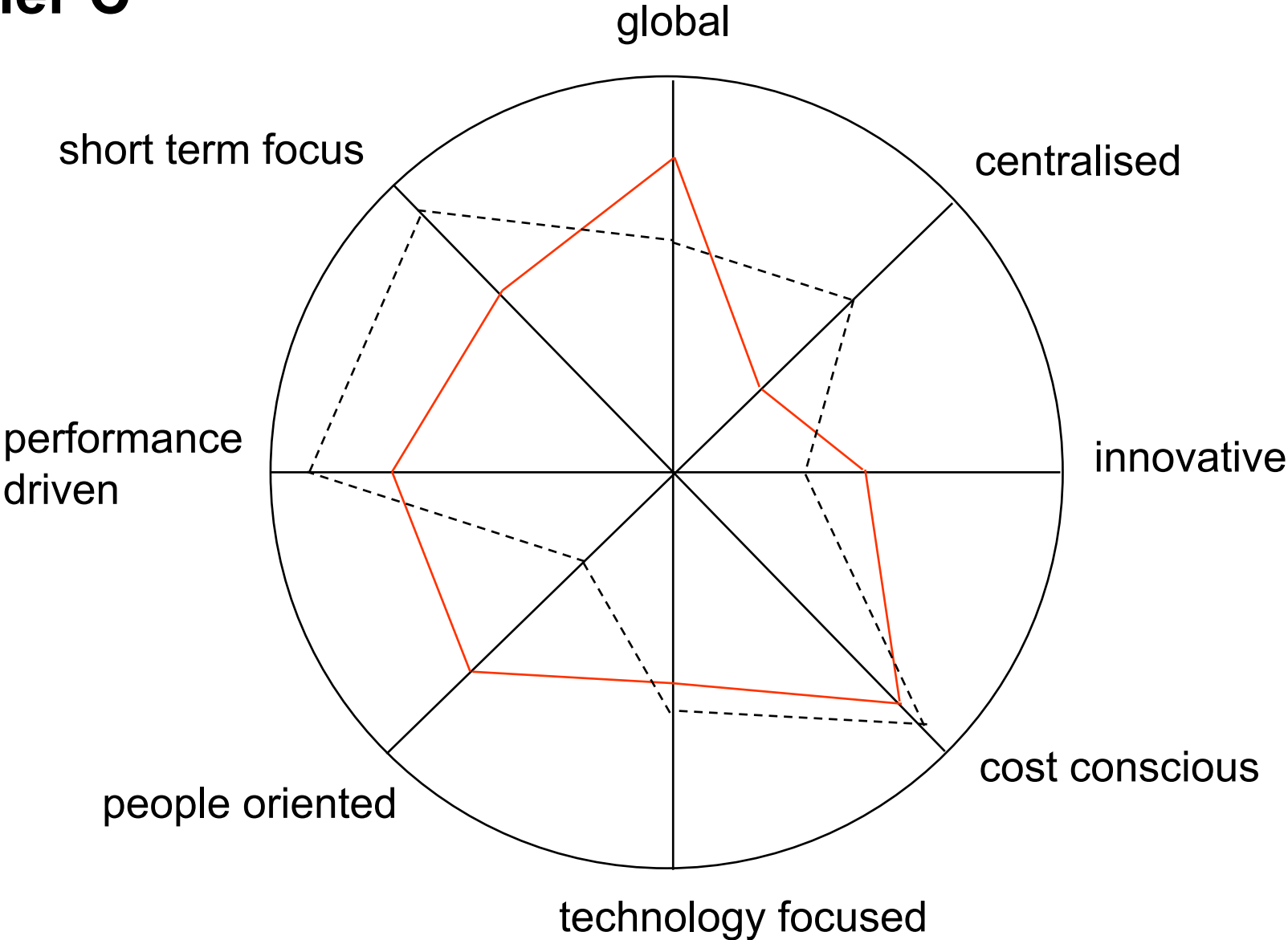
Potential Partner A



Potential Partner B



Potential Partner C



Cultural Mapping in practice

- There is no single right way of seeing the world
- The starting point for cultural awareness is **yourself**...
 - What are your norms, values and beliefs?
 - What are your untested assumptions?
 - What are your blind spots?
- How well do you really know what shapes behaviour in your organisation?

Why does culture matter?

- A better cultural fit = better understanding = increased trust and openness = fewer surprises post deal
- Personal relationships **reinforce** the cultural fit but cannot substitute for a poor fit
- **Too close** a fit can lead to complacency and lack of innovation
- You must **respect** the other culture even if you don't like it
- Organisations who pay close attention to resolving cultural issues early in the planning phase (i.e. well before the deal is closed) are **26%** more likely to have a successful alliance that creates value.





Success Factors

- **Operational and Organisational**

- “Many companies have neither the resources nor the know how to give cross boundary alliances the priority they require”
 - How will you operate the proposed business combination?
 - What are the key roles and responsibilities throughout the process?
 - How will the management team lead and support the alliance activities?

Relationship Map: As Is



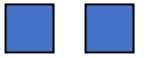


Partner B

		Marketing	R&D	Sales	Senior Mngmt		
Partner A	Marketing						
	R&D						
	Sales						
	Senior Mngmt						




Relationship Map: Planning

Partner B

		Marketing	R&D	Sales	Senior Mngmt		
Partner A	Marketing						
	R&D						
	Sales						
	Senior Mngmt						

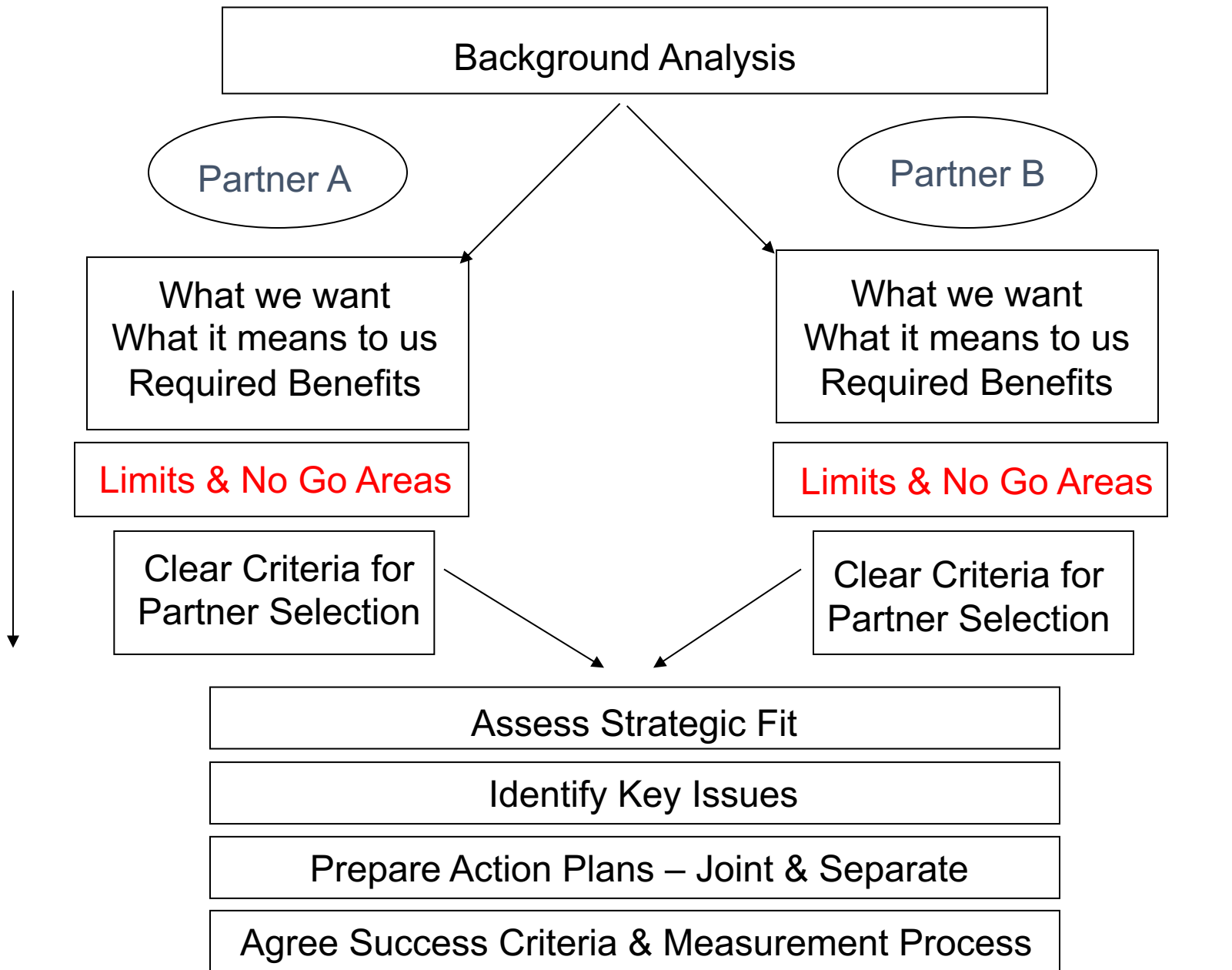
 Invest more time

 Reduce time

Success Factors

- **Performance Measurement**

- “75% of senior management believed their partnering activities had been successful. Only 30% of them had actually created value”
 - How will you know if your proposed business combination has been successful?
 - What factors do you need to measure to track the progress of a successful alliance?



Acid Test - examples

1. Does it feel like joint ownership (even if it isn't)?
2. Do you treat each other as equals (even if you are not)?
3. Do you keep trying to extend the scope?
4. Can it survive a major restructuring by either partner?
5. Do you never/rarely look at the contract?
6. What happens when a major mistake is made? (Joint problem solve or apportion blame)
7. How do you behave when times are bad? Support or retrench?
8. Do you regularly and jointly evaluate performance and set revised future plans?
9. Are you willing to expose your weaknesses to each other?
10. Do you evaluate the relationship regularly?
11. Are your people fighting to work in this alliance?
12. Do your competitors find it impossible to break in?
13. Is it producing innovation?
14. Are you pushing each other outside your comfort zones?
15. Is it great fun?

Success Factors

- **Equality**

- You must respect your potential partner and value what they are bringing, even if you don't like some of the individuals involved in the negotiation
- You should be striving to create a genuinely mutual relationship which produces significant added benefit to both parties