

Keynote at ASAP-New England meeting

Alliance Strategy in a Flat World

Ben Gomes-Casseres

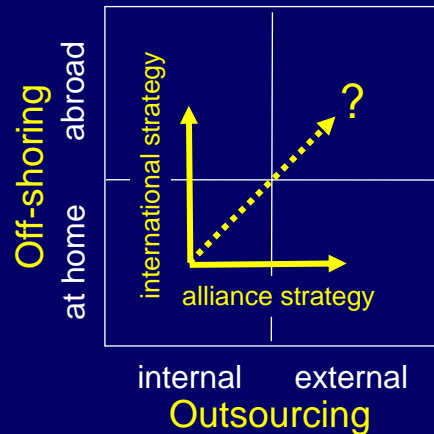
Brandeis University
Waltham, Mass.
ben@alliancestrategy.com

AllianceStrategy Consulting
Lexington, Mass.
www.alliancestrategy.com

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Alliance Strategy

Organization and Location Choices



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Alliance Strategy

Develop "alliance strategies," not "strategic alliances" . . .

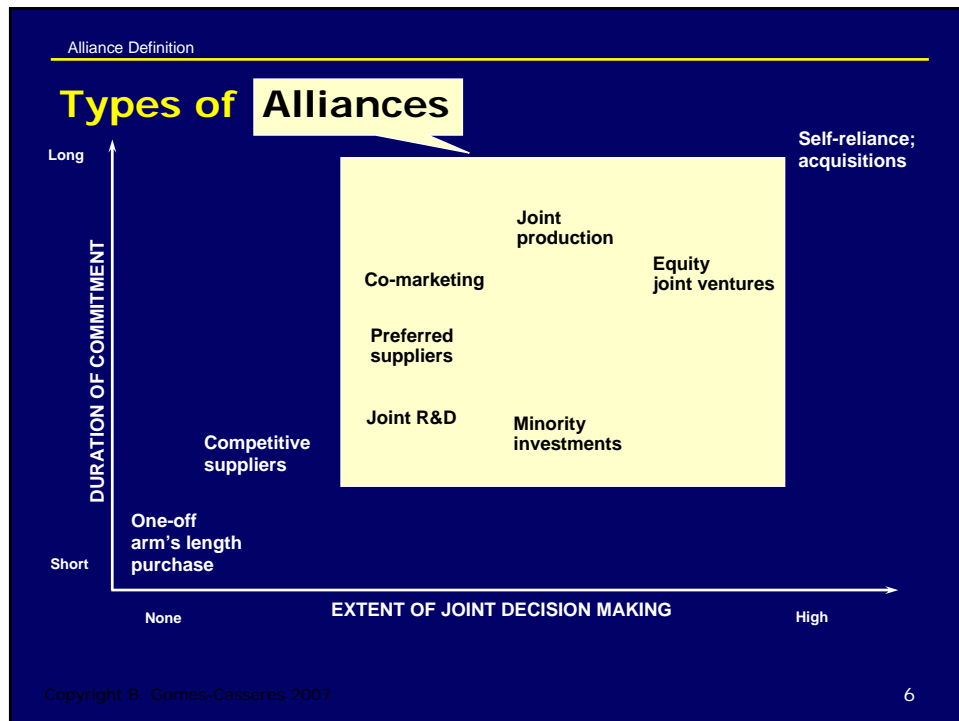
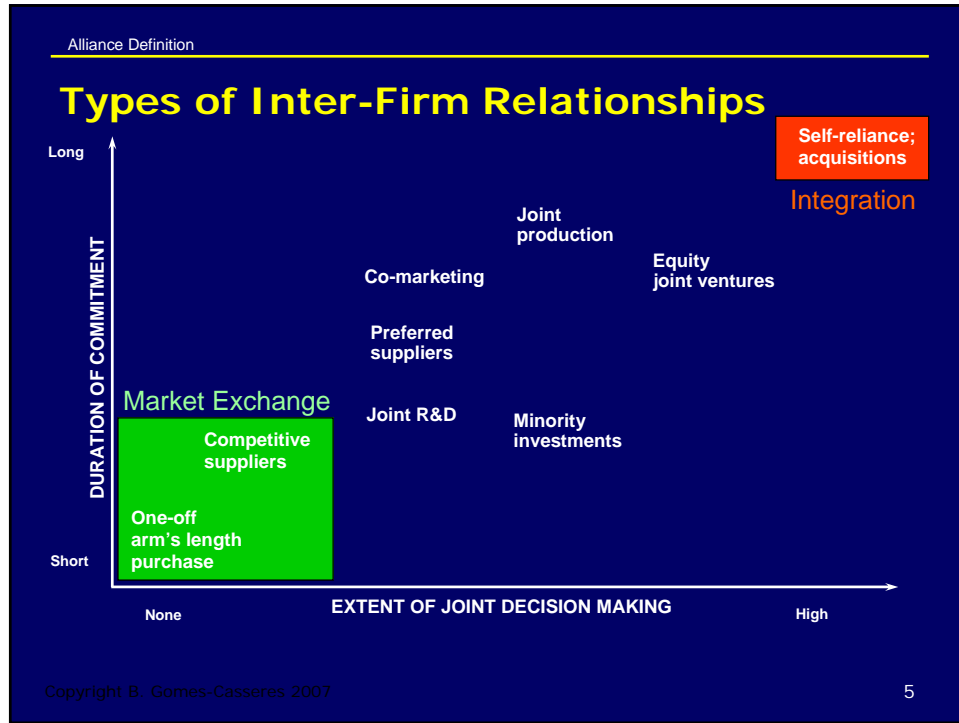
1. Let business **strategy** drive the alliance logic
2. **Design** the alliance to fit the strategy
3. Grow **relationships**, don't just "do deals"
4. Use **constellations** of alliances, not stand-alones
5. Organize **internally** to cooperate externally

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Alliance Definition

The Soul of an Alliance

The diagram illustrates the concept of an alliance. On the left, the text 'Arm's length contract' is written in green. On the right, the text 'Self-reliance; acquisition' is written in red. A white double-headed arrow connects these two phrases, with the word 'Alliance' written in yellow below the arrow.

1. Creates value by **combining capabilities**
2. of **separate firms**
3. which **share control**
4. in an **open-ended** ("incomplete") agreement.

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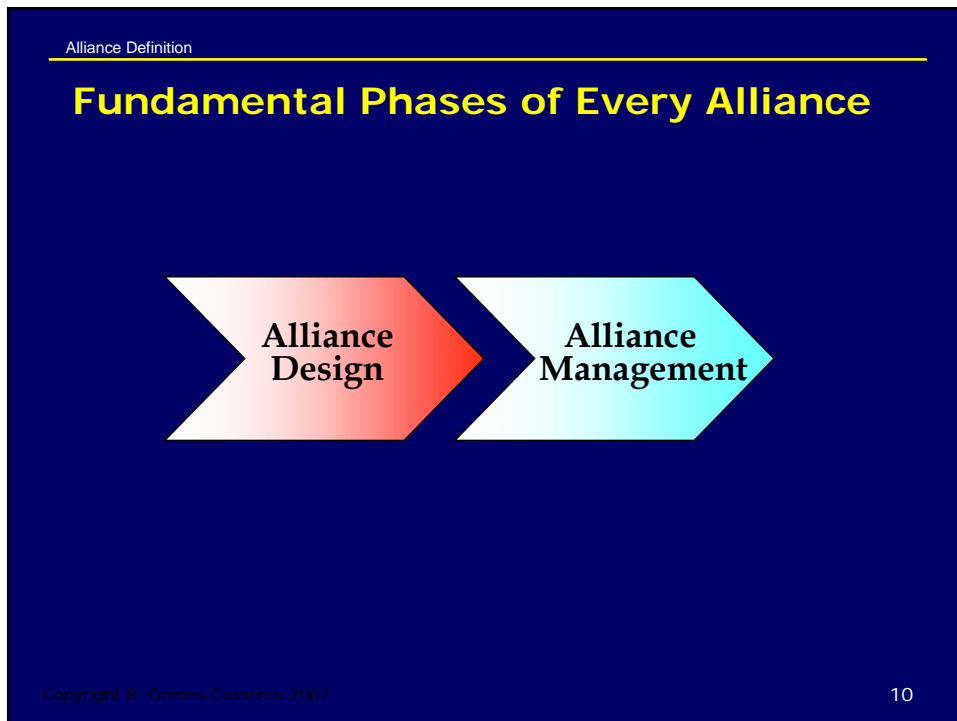
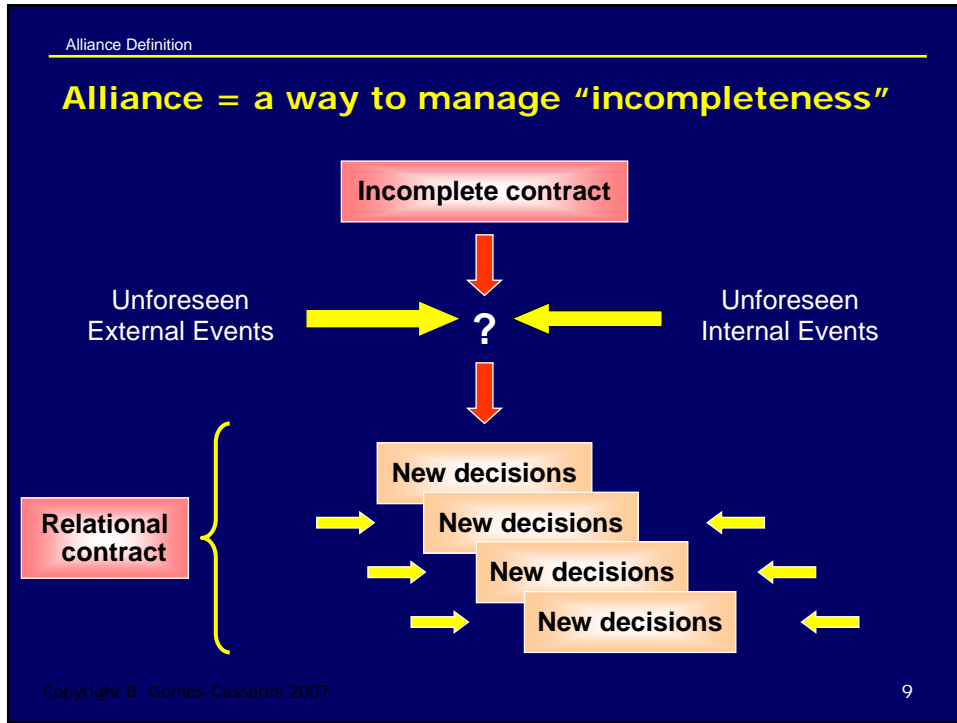
Alliance Definition

Incomplete Contracts: Typical "Open ends"

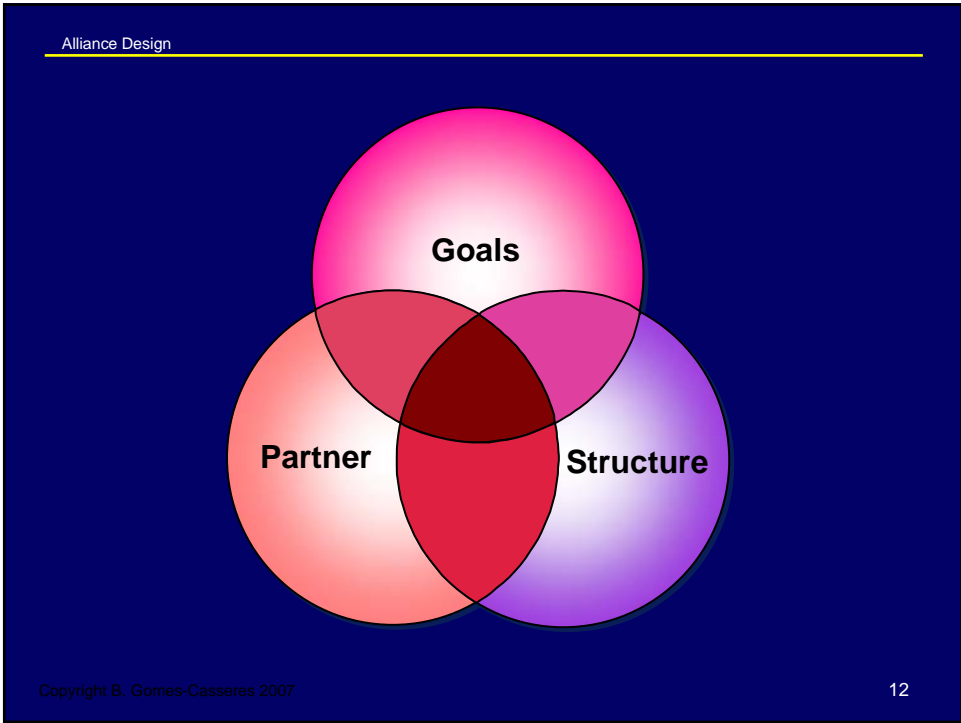
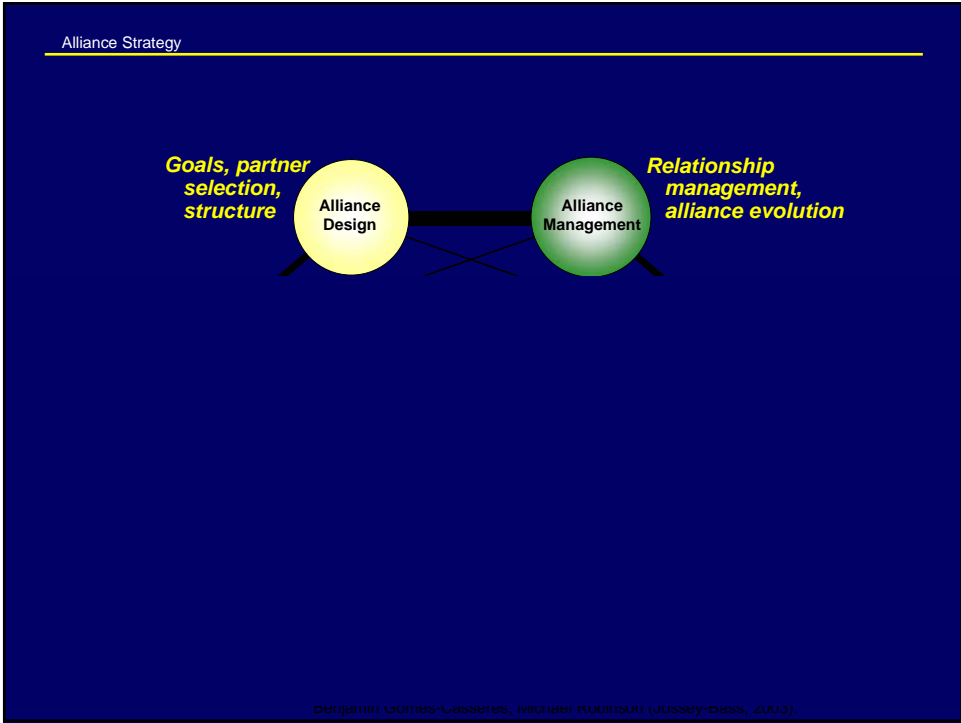
- Unforeseen changes in technology or markets
- Unforeseen evolution of brand image
- Uncertainty in what the joint project will require
- Difficulty in measuring inputs or outputs
- Difficulty in enforcing project commitments
- Difficulty in protecting against "hold-up"
- Dependencies with concurrent projects

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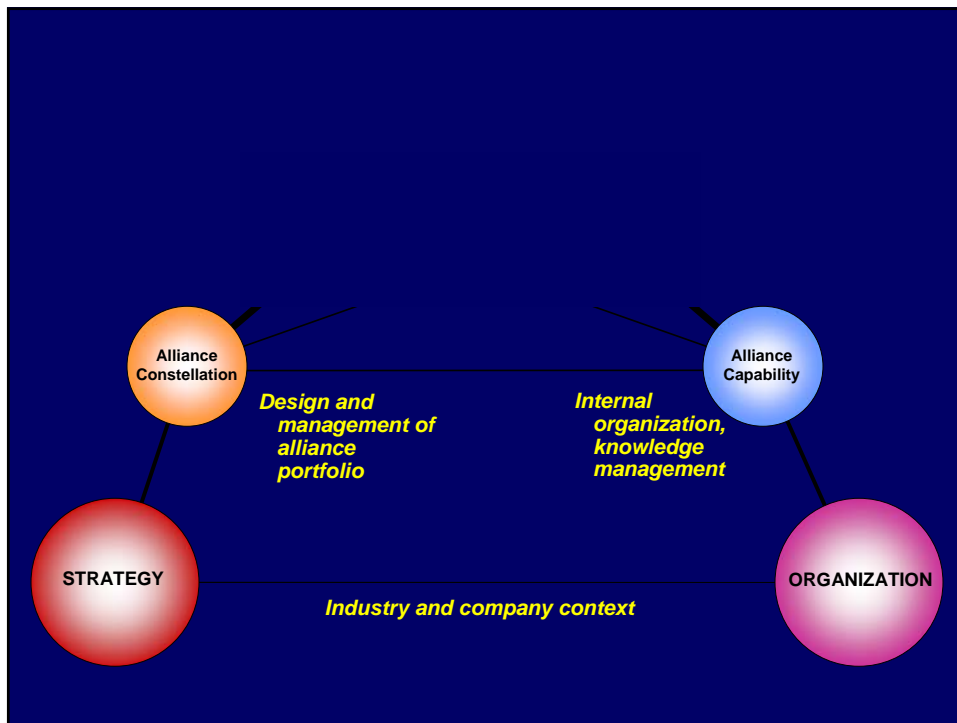
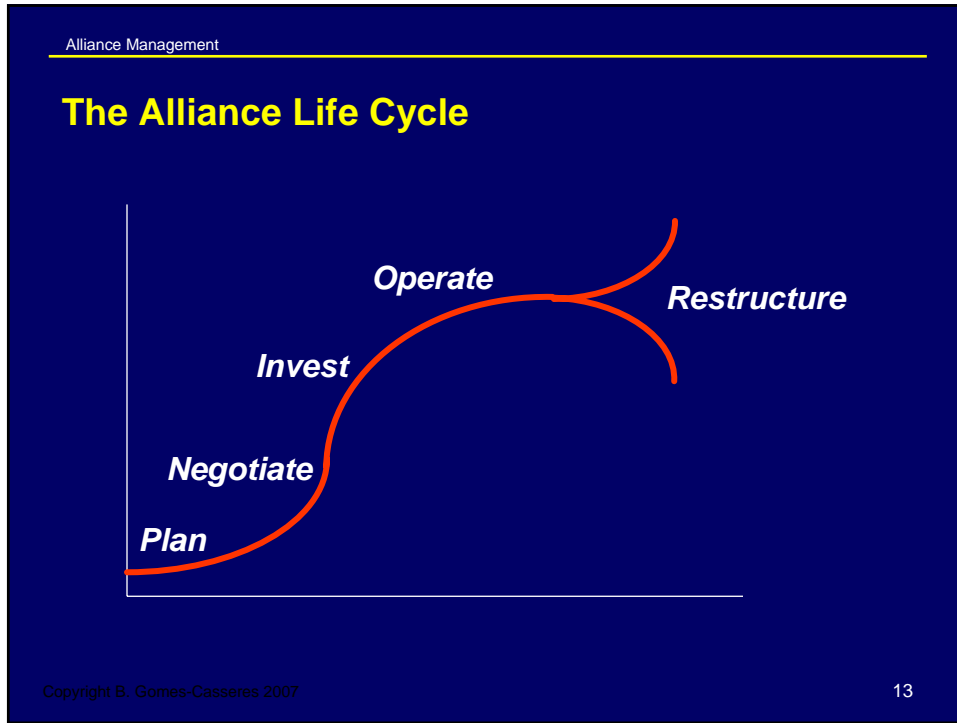


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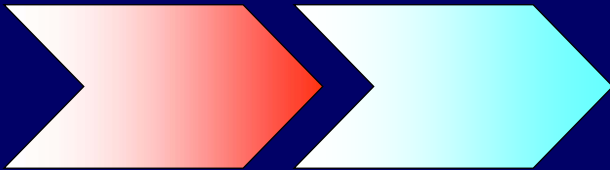


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Alliance Constellation

A Single Alliance



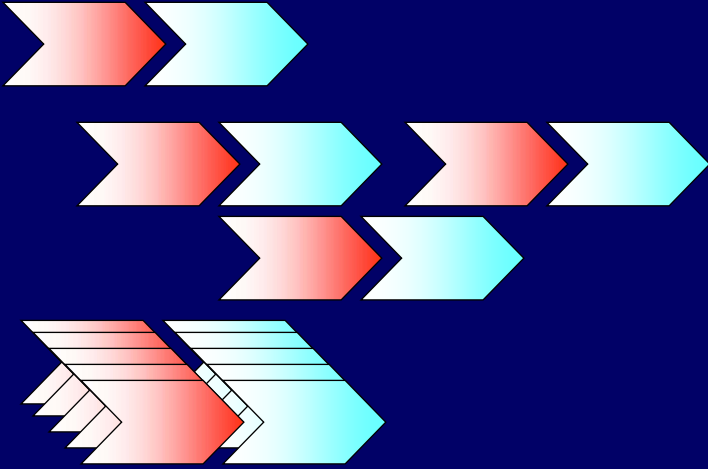
The diagram shows two large, stylized arrows pointing to the right. The left arrow is red with a white-to-red gradient, and the right arrow is cyan with a white-to-cyan gradient. They are positioned side-by-side, touching at their inner points.

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Alliance Constellation

An Alliance Constellation



The diagram illustrates four different configurations of the red and cyan arrows:

- Top: Two arrows (one red, one cyan) pointing right, touching at their inner points.
- Middle: A sequence of four arrows pointing right: red, cyan, red, cyan, touching at their inner points.
- Bottom-middle: Two arrows (one red, one cyan) pointing right, touching at their inner points.
- Bottom: A stack of multiple overlapping arrows pointing right, with the top one being red and the bottom one being cyan.

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- A single, ideal partner seldom exists
- Complexity demands multiple capabilities

- Select position **among** and **within** groups
- Group design may **create joint value** (or destroy it)
- Positions within group determines **value captured**

Mastering Alliance Strategy

- Determine how alliances fit in your strategy
- Collect and analyze your own experience
- Develop and introduce alliance tools
- Coordinate your alliance activities
- Find and internalize “best thinking”

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Think Strategy. Act Synergy. Win.
Practical Advice from Frontier Research

AllianceStrategy.com offers ideas, advice and resources on alliance strategy and management. The site is maintained by **Ben Gomes-Casseres**, author of *The Alliance Revolution* and co-author of *Mastering Alliance Strategy*, a professor at Brandeis University, and the principal of Alliance Strategy Consulting. Most of the information on this site is provided free of charge, some sections are restricted to clients or require prior approval. The tabs above lead to major sections, each with a deeper menu. Some highlights and recent additions are below.

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COMMENTARIES

Vendor or Partner?
Is your outsourcing venture a vendor relationship or a true partnership? It is critical to know the difference and manage accordingly.

Datastore, Don't Abdicate
With every outsourced task comes a new responsibility. Denying this amounts to governance misopra.

Alliance Sweet Talk: Tough Questions Worth Asking
How should investors react to news of an Alliance? First, with cautious optimism. Second, ask some tough questions.

Will ADL and Google Marriage Work?

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How alliances Reshape competition.
Alliances help firms cooperate so that they can compete better. Are these objectives compatible?

Do Alliances Promote Knowledge Flow?
Alliances help firms share technological knowledge, as this statistical paper shows.

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