



Creating Successful Partnerships

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Successful partnerships expand your market reach, strengthen your market position, increase your opportunities for profitable revenues, and bring highly profitable sales engagements.

Yet some 90% of all partnerships fail to deliver these results. Why?

Establishing and managing partnerships, as with most issues in marketing, is not particularly difficult. It requires two simple ingredients:

- a good strategic process of planning and selecting potential partners
- a careful and thorough implementation that takes into account the needs of both you and your partners.

The downside of not doing this can be dramatic – ineffective partnerships can exhaust valuable company resources, waste time, and defocus companies from their key opportunities. We know of at least one company that went out of business due to a particularly poor choice of channel partners.

In this article we will explore the first of two primary causes of failed partnerships – that of an inappropriate or ineffective process of selecting potential partners. In future articles we will explore the mechanics of managing successful partnerships.

The Process of Selecting Partners

Whether these are supplier or marketing partner relationships, few companies take a rigorous approach to identifying their needs, researching the universe of prospective partners, evaluating the strengths and weaknesses of specific partners, and then approaching the “best” prospective partners.

Instead, many companies take a quick look at the partner list on a competitor’s website and contact those partners. Alternately, they browse the industry journals and target the companies identified in relevant articles.

Not that this approach in *identifying* prospective partners is wrong...far from it. On the other hand, many, if not most companies use this process to both identify and *select* their partners, a process that is neither rigorous or exhaustive.

In working with clients to identify methods of increasing market reach through partnerships, we use a much more extensive process of identifying and qualifying prospective partners.

In working with a technology services client seeking to develop its presence in a new market, we first interviewed a number of entities across the value chain – ranging from potential end-users of the product, to company administrators and purchasing agents, and then to product managers in both distributors and buying groups.

In talking with end users, our goal was to identify the decision making and sourcing process for the company's product, ultimately to answer the question – who makes the buying and sourcing decisions.

Once we identified the key points of influence in the value chain, we then began to identify the leading players. We interviewed and profiled those companies that represented potential partners, specifically looking to understand the following of the prospective partner:

- Strategic direction
- Financial health
- Product mix and how our client's product would fit
- Justification (financial and otherwise) for taking on our client's product
- Potential conflict with other products in the partner's lineup

We also developed a simple forecast of sales for each partner. Using a back of the envelope methodology, we determined the rough size of the opportunity for each partner. We then evaluated potential growth opportunities given the partner's financial health, size and focus.

This analysis provided two benefits – first, we identified the partners with the greatest potential return, and second, the financials and positioning provided the basis of the discussion with each potential partner.

In this particular case, the focus was purely national. In other engagements we have looked at coverage issues on a region by region and industry basis.

The overall goal is to develop a thorough plan for expanding reach through channel partnerships that provide profitable, long lasting and effective reach into new market opportunities. And a thoughtful, comprehensive process can help to ensure that this goal is reached.

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