

How to Make Strategic Partnerships Work

by Glen McCandless, Focus Marketing, Inc.

As the education industry continues to consolidate and smaller companies scramble to compete with the big dogs, partnering is a key strategy. Recently, more of my work with companies in the ed-tech industry is playing match-maker. What I see is this: many companies don't know how to identify a good partnering opportunity or how to work successfully with another company. The result? False starts and wasted time are common. Divorce is a real possibility. Empty relationships are typical.

What do I mean by an empty relationship? You may have observed – or your company may be part of – a trend evidenced by lists of “strategic partners” on company web sites. Have you noticed there is rarely an explanation of the nature of these partnerships? That's because there is usually no substantive deliverable. The typical partner web page is “window dressing” to impress the outside world, but in fact the relationships are not delivering value to the bottom line of either company.

How do you avoid empty relationships? How can you build partnerships that survive and thrive? While there are many, many factors critical to partnerships that actually deliver, what follows are my thoughts on several of the more important aspects for you to consider.

Outline Your Objectives

You'll want to know what competitive value you will bring to the relationship, and also understand what you are willing (and not willing) to give up, because every partnership involves loss of independence. Have in mind how you will know if the partnership is working. It is important that everyone who is going to be involved with the decision agrees to key objectives and has realistic expectations.

Identify a Problem You Can Solve for the Potential Partner

Your product or service is rarely the main value you bring to the partnership. More likely, what you bring to the table is a core competence that is a weakness in the other organization. Examples are your technical know-how, your specialized content, your contacts in a niche market, access to your customers, or a competitive play. If you can offer the partner a solution to a weakness or solve a problem, you have the potential for a solid deal. Many start ups believe they have a product or a concept that will change the world; a product that established players will want. But often, this comes without evidence that the product has profit potential. And, smaller companies often approach potential partners who have more market clout without having a thorough understanding of the other company's perspective. The self-serving emphasis has to be reversed. Investigating and understanding a candidate before the approach is necessary, and this work is often better done, or at least validated, by someone who has an objective view.

Check Under the Hood

If you have any doubts at all about the financial stability of the company you are interested in partnering with,

or the integrity of the people you will be working with, check it out before you enter into an agreement. Sometimes what is hidden from view is a mismatch that causes a breakdown. Be sure that the people you are discussing a partnership with have the authority to enter into a deal. Get a feel for the corporate culture of the potential partner. How? Interview executives who work for companies that are partners of the company you are considering. Also interview customers, suppliers, employees and bankers. This phase of the investigation really benefits from the help of an industry expert. A third party who is not emotionally attached is better equipped to smoke out potential problems and opportunities early on. Approach any business partnership with the same rigueur you would use if you were hiring a key employee or trusting your lifetime earnings with someone else. Remember, when you enter into a partnership, you give up control. Be sure you hand the keys to someone you trust.

Imagine the Deal

You should construct an outline of the proposal similar to what you expect the outcome to look like. Include a set of “deal points” which cover the key elements of an agreement. Avoid vague language. If you agree to “work together” or make “best efforts” to do something, then about all you can expect is talk, but real action or measurable outcomes may be elusive. Even informal partnerships need to have structure. You need specific, measurable objectives with time lines and accountability for Selling to Schools - both parties. Without this, the partnership will be window dressing of the type you see so often today on company web sites.

Include the People on the Front Line

Too many deals come together in the executive suite or board room, driven by senior managers, but they happen without the buy-in of the people who will make or break the partnership. If the potential partner won't let you talk with people on the front line, that's a red flag. For partnerships that involve sales – as many of them do – and regardless of the deal put together by senior management, the outcome depends on the sales reps. They have to see the benefit or they will not engage. Do you expect revenue as a result of the partnership? If so, be sure to talk with the sales manager and a few sales reps to get their opinion about what it will take for the partnership to succeed. Also seek advice from other key people in the potential partner's organization.

Create a Detailed Agreement

It isn't always necessary to bring in a team of lawyers to construct a partnership agreement, but it is critical to have an agreement that spells out exactly what is expected of both parties, how the success of the partnership will be evaluated, and who, in each organization, is charged with managing the relationship. Someone on both sides has to be accountable for a successful outcome of the deal.

Consider a Test Drive

Sometimes living together before getting married helps to get a reading on the potential for long-term success. Project specific or short term collaborations can reveal critical aspects of company personalities and the likely fit. Taking the partnership for a spin can help build trust and make the construct of a contract easier and with added confidence.

Expand on Existing Successes and Fix Current Processes

The best partnerships are designed to start with a successful initiative and then build on that success. Finding dedicated partners is hard work. Making relationships deliver is hard work. Sometimes it is better to capitalize on your current processes and partnership investments than to look for new partners. I have worked with many companies who were seeking new partnerships without first making existing processes and relationships work to their fullest. Many times the cry for a new partner masks underlying issues that the company should tackle first. Some of these issues may derail a new partnership and fail to fix the perceived problem or shortfall.

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