

## Research Brief

Number 28/October, 2013

### Best Practices for Structuring Successful Strategic Alliances

Daniel Theriault, Texas A&M University

Michael Edwards, North Carolina State University

#### Introduction

Strategic alliances have been defined as voluntary arrangements between organizations involving “exchange, sharing, or co-development of products, technologies, and services” (Gulati, 1998, p. 293). Strategic alliances with non-profits, governmental agencies or businesses can offer youth development organizations benefits such as expanded program reach, heightened organizational credibility, improved informational networks, and access to new physical, financial, or human resources. Given the extent of these benefits, alliances may offer youth development organizations a more sustainable and effective route to solving community issues than they might possess in isolation. In this way, alliances may be an essential part of an organization’s capacity to fulfill its mission (Noam & Tillinger, 2004). At the same time, a high percentage of alliances fail for reasons such as poor conflict management, disagreement/uncertainty about the goals of the alliance, and breakdowns in trust or communication (Compassion Capital Fund, 2010). Therefore, the purpose of this research brief is to share best practices for structuring strategic alliances. However, practitioners should consider their unique organizational cultures, missions, resources, and context and adapt ideas to fit their current circumstances.

#### Research to Practice Points

- 1) *Seek out and engage key stakeholders and the broader community.*
- 2) *Conduct assessments of your organization and potential partners.*
- 3) *Create clear, agreed upon short-term and long-term goals for the alliance.*
- 4) *Develop decision-making and authority structures to guide the alliance.*
- 5) *Appoint an individual or committee to oversee the alliance.*

#### Details on Research to Practice Points

*Seek out and engage key stakeholders and the broader community.*

Strategic alliances work best when they are designed to address a broad community issue such as rising teen pregnancy rates. Accordingly, practitioners should begin the partnership development process by conducting an environmental scan to specify the issue at stake (e.g., is the issue really teen pregnancy or is it a lack of out-of-school-time programs, which is contributing to a range of problems?), identify potential partners, and gauge the readiness of the community to support the partnership. Even well-planned alliances can fail without the requisite support from community leaders, local policy makers, and the partners’ key administrative staff (Byrne & Hansberry, 2007). Staff should identify key players and seek out their support for the alliance through one-on-one interactions and, if possible, a group meeting. Political support may be especially challenging to obtain because leaders are often hesitant to attach their names to programs that have not yet produced positive results. Therefore, professionals must

continue to inform community stakeholders of their successes through multiple media outlets and frame community support as a process to be maintained and nurtured, not as a one-time event.

*Conduct an assessment of your organization and potential partners.*

Internal assessments can yield information that is critical for a successful alliance. Your organization can gain a clear understanding of its strengths and assets, of what it is seeking from partners, and of possible benefits of the arrangement for each potential partner (Klein, 2012). For example, assessing your organization's strengths and opportunities for growth can help choose alliances that will add the most value to your organization's initiatives. An internal assessment should also explore your organization's capacity to develop and nurture the alliance. The assessment can help reveal the skills and knowledge needed to make the alliance work (Compassion Capital Fund, 2010).

In addition to aligning resources and expertise, consider aligning organizational values, goals, objectives, and decision-making structures when assessing the value and potential of an alliance. The more complementary the potential partners are, the more likely they are to achieve a good working relationship and form a successful alliance (Dyer & Singh, 1998; Sarkar, Echambadi, Cavusgil, & Aulakh, 2001; Shah & Swaminathan, 2008). The Hitachi Foundation (n.d.) recommends consulting past partners of the organization in question, the local chamber of commerce, and business research websites (e.g., [www.dnb.com](http://www.dnb.com)) as additional avenues to vet potential partners. Practitioners might also engage in internal risk assessments of potential alliances by examining documentation of past partnering efforts, talking with employees regarding the alliance, and holding preliminary meetings with the agency in question (Austin & Seitanidi, 2012). Although searching for complementary and compatible partners is important, there is potential for capitalizing on key differences. Practitioners and non-profit board members should devote time early in the development of an alliance to exploring these differences and the ways they might be used to create value (Hughes & Weiss, 2007). For example, organizations with different target markets may give each other valuable insights about how to broaden their programs to serve new participants. Similarly, organizations with different programmatic strengths may be able to create synergies that facilitate the provision of benefits to existing participants.

*Create clear, agreed upon long-term and short-term goals for the alliance.*

Clear, agreed upon and measurable goals are critical to developing a successful alliance. Specific goals are an essential aspect of maintaining accountability, obtaining stakeholder support, and effectively marketing the initiative (Al-Tabbaa, Leach, & March, 2013). Goals also exert a structuring influence in assigning roles and responsibilities as well as leadership for the alliance (Byrne & Hansberry, 2007). Further, partners may enter into an alliance with goals that are exclusive to their organizations, such as enhancing the reputation of a business that is working with a local youth development organization (Gazley & Brudney, 2007). Identifying common and unique goals is critical to keeping both sides motivated and committed (Klein, 2012). When developing goals, both short-term and long-term success metrics should be created. Alliances can take time to achieve results and partners may lose interest if they do not see progress on a long-term goal. Therefore, creating short-term success metrics may be an important strategy to enhancing longer term motivation and commitment to achieving results (Hughes & Weiss, 2007).

*Develop decision-making and authority structures to guide the alliance.*

In coordinating their actions, partnering organizations often encounter difficulties such as unclear procedures for decision making, information sharing, or resource allocation. With that in mind, partners

should dedicate time early in the alliance development process to develop procedures and share knowledge to mitigate these challenges (Kale & Singh, 2009; Whipple & Frankel, 2000). For example, partners should hold regular meetings during the early stages of the alliance to familiarize all parties with each other's organizational culture, with particular emphasis on how decisions are made. Both parties should then discuss the differences that emerge during these conversations and brainstorm potential challenges to decision making in general. They should also map out key decisions likely to arise in the course of the alliance and, for each key decision, develop specific protocols that answer questions such as who will be consulted, who will make the final decision, who is accountable, and by what date the decision must be made (Hughes & Weiss, 2007).

Although there are many ways for partners to work together (Gulati, 1998), agencies might consider how *flat* (power is shared among several people or companies) or *hierarchal* (power resides in one person or organization) decision-making procedures should be. The more that expertise and vested interest in the alliance goals lie with one organization, the more hierarchal the decision making should become (Pisano & Verganti, 2008). For example, if an after-school program partners with a university parks and recreation department to promote youth development programs, both parties share expertise and a vested interest in the stated goal. So, it may be beneficial to share decision-making power and adopt a flatter approach to program decision making. Although all potential roadblocks to effective alliances cannot be anticipated, laying out concrete strategies for how information will be shared, choices made, and resources allocated may mitigate barriers to successful alliances.

#### *Appoint an individual or committee to oversee the alliance.*

After developing a plan for an alliance, individuals or a committee should be appointed to oversee its implementation (Kale & Singh, 2009). Creating an alliance team can provide a focal point for strategic activities such as marshaling resources or connecting with diverse stakeholders (Kale, Dyer, & Singh, 2001). Alliance governance should also be designed around protocols that enhance collaboration. For example, adopting an inquiry rather than a judgment approach to problem solving may both facilitate learning from the experience and avoid blaming (Hughes & Weiss, 2007). In an inquiry approach, parties work together to understand and learn from the problem at hand rather than simply assigning blame to someone, which is more typical in a judgment approach. Inquiry approaches may promote more open communication among members of the alliance. Creating an environment of open communication may also facilitate the deepening of trust within an alliance in the face of critical emotional incidents (Sloan & Oliver, 2013).

Many youth development organizations lack the resources or competence to develop structures to govern an alliance (Noam & Tillinger, 2004). However, implementing formal governance agreements through creating a Memorandum of Understanding (MOU), having consistent opportunities for communication between key staff, and tracking what has been learned through the development and carrying out of an alliance can all contribute to success.

## **Conclusions**

The recommendations outlined above are sometimes combined into a single document such as a MOU that outlines goals, timelines, deliverables, roles, and responsibilities. Comprehensive plans and follow-up memos can then be used to evaluate and learn about aspects of the alliance such as communication, progress toward goals, or unintended benefits (The Hitachi Foundation, n.d.). Feedback and continued evaluation are essential to making the necessary individual and collective adaptations as the alliance



evolves (Austin & Seitanidi, 2012). Although the steps outlined above require an investment of time and resources, well-structured alliances are a crucial mechanism for youth development organizations to enhance their capacity to promote the well-being of young people.

### Future Research

The broad strokes of successful partnerships, such as planning, communication, and trust, are well understood. However, the nuances of creating alliances for youth development organizations require additional study. Example topics might include developing alliances amidst local stereotypes about youth development organizations or within the current funding climate for out-of-school-time programs. Barriers and enhancers for alliances in the non-profit sector could also benefit from more investigation.

### Additional Resources

The Foundation Center. <http://collaboration.foundationcenter.org/search/searchGenerator.php>. Offers a nonprofit collaboration database that provides examples of current partnerships.

<http://www.pointsoflight.org/corporate-institute/about>. Provides a variety of free resources related to developing partnerships between organizations and communities.

<http://www.fieldstonealliance.org/client/tools.cfm#collaboration>. Provides resources for collaboration and partnership specific to the nonprofit sector.

### References

- Al-Tabbaa, O., Leach, D., & March, J. (2013). Collaboration between nonprofit and business sectors: A framework to guide strategy development for nonprofit organizations. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 1-22.
- Austin, J.E., & Seitanidi, M.M. (2012). Collaborative value creation: A review of partnering between nonprofits and businesses. Part 2: Partnership processes and outcomes. *Nonprofit and Voluntary Sector Quarterly*, 41(6), 929-968.
- Byrne, A., & Hansberry, J. (2007). Collaboration: Leveraging resources and expertise. *New Directions for Youth Development*, 114, 75-84.
- Compassion Capital Fund. (2010). Partnerships: Frameworks for working together. Retrieved September 12, 2013 from <http://www.acf.hhs.gov/sites/default/files/ocs/partnerships.pdf>.
- Dyer, J.H., & Singh, H. (1998). The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *Academy of Management Review*, 23(4), 660-679.
- Gazley, B., & Brudney, J.L. (2007). The purpose and perils of government-nonprofit partnership. *Nonprofit and Voluntary Sector Quarterly*, 36(3), 389-415.
- Gulati, R. (1998). Alliances and networks. *Strategic Management Journal*, 19, 293-317.
- Hughes, J., & Weiss, J. (2007). Making alliances work. *Harvard Business Review*, 85(11), 122-131.
- Kale, P., Dyer, J., & Singh, H. (2001). Value creation and success in strategic alliances: Alliancing skills and the role of alliance structure and systems. *European Management Journal*, 19(5), 463-471.
- Kale, P., & Singh, H. (2009). Managing strategic alliances: What do we know now, and where do we go from here? *The Academy of Management Perspectives*, 23(3), 45-62.
- Klein, D. (2012). Building business-community partnerships to support youth development. *New Directions for Youth Development*, 134, 77-84.
- Noam, G.G., & Tillinger, J.R. (2004). After-school as intermediary space: Theory and typology of partnerships. *New Directions for Youth Development*, 101, 75-113.

- Pisano, G.P., & Verganti, R. (2008). Which kind of collaboration is right for you? *Harvard Business Review*, 86(12), 78-87.
- Sarkar, M.B., Echambadi, R., Cavusgil, S.T., & Aulakh, P.S. (2001). The influence of complementarity, compatibility, and relationship capital on alliance performance. *Journal of the Academy of Marketing Science*, 29(4), 358-373.
- Shah, R.H., & Swaminathan, V. (2008). Factors influencing partner selection in strategic alliances: The moderating role of alliance context. *Strategic Management Journal*, 29, 471-494.
- Sloan, P., & Oliver, D. (2013). Building trust in multi-stakeholder partnerships: Critical emotional incidents and practices of engagement. *Organization Studies*, 0(0), 1-34.
- The Hitachi Foundation. (n.d.). A pocket guide for nonprofit leaders: Building strong partnerships with businesses: Maximizing your organization's workforce development potential. Retrieved September 19, 2013 from [http://www.hitachifoundation.org/storage/documents/pocket\\_guide\\_nonprofit.pdf](http://www.hitachifoundation.org/storage/documents/pocket_guide_nonprofit.pdf).
- Whipple, M., & Frankel, R. (2000). Strategic alliance success factors. *Journal of Supply Chain Management*, 36(3), 21-28.

**Please share your thoughts about this research brief at <http://bit.ly/YDIresources>**

Dr. Peter Witt serves as Editor for the YDI Research Brief Series  
More briefs are currently in development. If you have a particular topic that  
you would like the YDI to address feel free to email us at [ydi@ag.tamu.edu](mailto:ydi@ag.tamu.edu)