

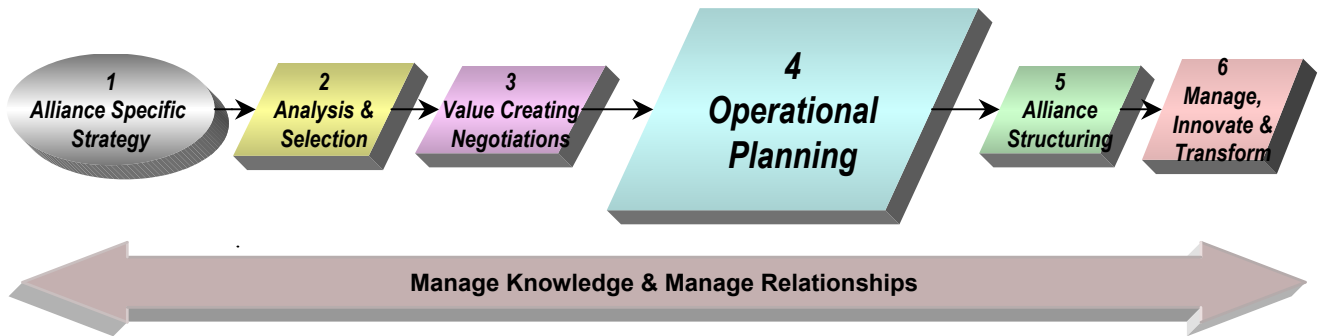
Strategic Alliance Best Practice User Guide

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Phase 4 – Operational Planning

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Alliance Framework



Operational Planning Overview

In the Operational Planning phase, the organization and its alliance partner or partners jointly establish day-to-day operational plans. They create a detailed manual that describes how the business processes will operate, and they establish preliminary designs for control systems, reporting systems and the interfaces that link customers and the providers of the business processes. The creation of these plans should be viewed as a pilot project that provides a "reality check" on the assumptions and projections made during the Co-Creation phase.

The Operational Planning phase essentially translates the Memorandum of Understanding and Principles (MOUP) into reality, adding in the "nuts and bolts" detail that will operationalize the memorandum's broad vision.

In the Operational Planning phase, the core Alliance Development Team creates an Operational Team, drawing on people with the functional expertise needed to complement the partners' capabilities and strengths. This Operational Team creates an operational plan describing how the services outlined in the MOUP will be provided. Some members of the team then remain in place during the launch and ongoing operation of the alliance in order to provide the in-house expertise needed to manage the relationship over time.

The activities included within this phase are:

1. Identify and form operational team
2. Create an Operational Plan
3. Develop an Operational Launch Plan

Purpose:

- Form an Operational Team
- Establish operational plans that will ensure smooth implementation of alliance
- Ensure functional departments, assign individuals that will be committed for the long term

Goals, Critical Success Factors and Expected Outcomes

Goals

- Build a profitable Business Plan
- Ensure Effective Alliance Formation and Management
- Clarify Roles and Responsibilities
- Establish Empowerment and Control Systems
- Ensure Added-Value to Customer
- Determine what's missing, overlaps, and integration

Critical Success Factors

- Pay Attention to the Details
- Test Alliance's Ability to Perform
- Manage the Interfaces
- Develop Channels of Communications
- Maintain an Alliance Mindset and Spirit

Expected Outcomes

- Establishment of joint operational team
- Development of clear understanding of project plan and the roles and responsibilities associated with the plan
- Governance structure for resolving issues and addressing potential problems
- Clarity on all measurements to be used and how they will be generated and reported
- Identification of new opportunities for the alliance to pursue

Operational Planning

Step 4.1 Operational Business Plan

- Creation of Operational Plan
- Why an Operational Business Plan is Important
- Operational Team
- Milestone Management
- Reporting Systems

Step 4.2 Management Issues

- Control by Collaboration and Coordination
- Alliance Managers Problem Solving Role
- Clear Policies and Values
- Contingency Planning

Step 4.3 Customer Relationships

- Delivering the Added Value Proposition
- Transform Cultural Diverse Competencies into Added Value.

Step 4.4 Integration, Empowerment and Control

- Operational Integration
- Responsibility Charting
- 120-Day Launch Plan

What the Experts Say...

“Closing the deal before creating the operational plan will double your chances of failure.”

“More alliances fail because of poor operational integration than any other factor.”

“People always undermine the importance, and the time required for good operational planning.”

“Alliances are start-up companies, and need detailed, operational business plans to succeed.”



Step 4.1 Operational Business Plan

Creation of Operational Plan

Work jointly to write an operational plan, and capture the plan in an operations manual. The operational plan turns broad plans into day-to-day activities; it translates the goals outlined in the MOUP into a detailed, workable view of how the business processes will operate, the measurement and control systems that will be used to manage the process, and the responsibilities of the various parties. The creation of the plan involves three basic activities:

1. Establish distinct, measurable, time-phased goals using a broad base of measures, such as the Strategic Return on Investment (STROI) measures described in Phase 2, which take into account factors such as penetration into new markets and increased capacity for innovation, as well as financial results.
2. Develop detailed project plans for each of the Operational Plan elements. Each plan will include all the specificity required to ensure a successful implementation.
3. Assign detailed roles and responsibilities.

A detailed, thorough operational plan provides a sound base for managing the alliance, helps ensure that the right levels of service are provided to the alliance's customers, and highlights gaps and overlaps in responsibilities, skills, and capabilities. It also tests the validity of the alliance, helping to determine whether the "gears will mesh," whether the strategy is operationally feasible, and whether the sourcing relationship can produce the results you want.

The operational plan also provides a foundation for the Alliance Structuring phase that follows. By defining the operational functions, the operational plan helps identify any structuring issues - such as organizational shape, legal form, and tax issues - that may arise.

Step 4.1 Operational Business Plan

Creation of Operational Plan

The alliance partners must be very clear about how to handle issues that bear directly on customer relationships and satisfaction, such as

- Joint or Lead Partner Sales Calls
- Advertising Content & Costs
- Generation and Handoff of Sales Leads
- Discounting Policies
- Service Requirements
- “Who Owns” the customer

In addition, to develop the finest customer relationships, it will be necessary to jointly design:

- Call Center Responsibility
- Solution Sourcing Plan
- Customer Satisfaction Surveys
- Competitive Response Plan
- Technology requirements

Step 4.1 Operational Business Plan

Why An Operational Business Plan Is Important

Writing an operational plan is the litmus test to predict the validity of the alliance. It is an insurance policy that accomplishes several critical functions. First, will the “gears mesh?” Is the **strategy feasible operationally**? Can we produce the results we want? Secondly, the process of bringing the two implementation teams together to develop the detailed content of the plan **checks the operational “fit”** and serves as a barometer of whether **good chemistry exists** within and between the middle ranks, testing ideas and working relationships, so that when formally launched, the alliance staff “hits the ground running.”

Thirdly, the proper systems of **leadership, responsibility, and control**, are determined and put into place. If there are conflicts over control, if leadership is not present, or if there are ambiguities over which partner will have key responsibilities, then these issues will become very evident before they can blow the alliance apart.

Fourth, will the “numbers work?” Once looked at in detail from an operational and financial perspective, is this alliance a **good business venture**?

And lastly, the “form follows function” phenomenon can be utilized. Having defined the operational functions, all **final structuring issues** -- organization, legal form, and tax issues, if any -- will become quite evident.

Checklist 4.1a should be used to ensure that all of the elements of the operational plan have been covered. To be sure that everything has been covered that should be, develop a separate checklist for each alliance we become engaged in.



~Tip~

Importance Of The Operational Plan

The Operational Plan will:

- Establish precise needs & requirements
- Ask the tough operational questions
- Build management’s commitment
- Determine if strategy makes sense when converted into day-to-day operations

Step 4.1 Operational Business Plan



Checklist 4.1a Operational Business Planning

(Note: This is a blueprint to be tailored to your unique circumstances)

1. Value Added Proposition (see 1.3) has been refined and agreed to by:
 - Our Company
 - Alliance Partner
 - Critical Suppliers
 - Customers

2. Customer Support Plan
 - Technical Support complete and contracted
 - Points of Contact identified
 - Customer Satisfaction Management Program defined
 - Request for Services Process defined
 - Problem Support Request Program
 - Support Team identified
 - Back-up Support identified
 - Business Owner and Business Specialist Approval
 - Integrated Marketing Strategy complete
 - Customer Service Processes Identified

3. Sales Forecasting Plan
 - Critical assumptions identified and tested?
 - Customer buying criteria identified?
 - Customer will buy at price/performance/benefits/service level?
 - Multiyear forecast developed and approved jointly?
 - "Optimistic" and "commit" forecast?

4. Marketing Plan
 - Segment Strategy
 - Service Strategy
 - Market Support Plan
 - Key Factors for Success
 - After Market Strategy
 - Advertising/Promotion
 - Our projected response to future demand
 - Customer Acquisition and Retention
 - New customer acquisition plan agreed upon
 - Current customer retention plan agreed upon
 - Sales Plan
 - Training Program
 - Coverage Strategy
 - Future Market Needs
 - Pricing (for Profit) Strategy
 - Competitor's Best Offering

Step 4.1 Operational Business Plan



Checklist 4.1a *(continued)* Operational Business Planning

5. Competitive Response
 - Key competitors identified
 - Potential future entrants into market identified
 - Most challenging competitive response identified
 - Our response to competitive pressure on margins
 - Market's future winning strategy in 5 years.
6. Customer Acquisition And Retention
 - New customer acquisition plan agreed upon
 - Current customer retention plan agreed upon
7. Financial Forecast Based on Operational Plan
 - Administrative Expense
 - Unit Costs
 - Productivity Measures
 - Revenue
 - Profit
8. Measurements
 - Have all quantitative results been identified
 - Are the systems and administrative personnel informed as to how to obtain data?
 - What will the time period be for reviewing results and reporting on them?
 - Are we comfortable that the measurements are in-process measurements and not lagging indicators. (In-process measurements allow us to determine why we are missing our targets and not just that we missed our targets).

Step 4.1 Operational Business Plan

Task 4.1a Create An Operational Business Plan

(Note: This is only a sample. Tailor this task to the unique requirements of your alliance.)

1. Value Added Proposition (as modified by input from the prospective partner) is:

2. Solution Sourcing Plan

Single Point of Contact is:

Customer Relations Management Plan:

- Care call _____
- Proactive call back _____
- Elective calls _____
- Complaint resolution _____

Services Request Plan:

- Local Support Center _____
- Training _____
- Site Preparation _____
- Project Management _____
- Performance Management _____

Problem Support Requests:

- Support Team _____
- Hardware Maintenance _____
- System Software Maintenance _____
- Application Maintenance _____
- Back-up Support _____
- Our company _____
- Other Providers _____

Step 4.1 Operational Business Plan

Task 4.1a *(continued)*
Create An Operational Business Plan

3. Sales Forecasts:

Critical Assumptions: _____

- Customer Requirements _____

We know customer will buy because: _____

Level of approval of sales forecast:

- Our company _____

- Alliance Partner _____

Upside/Downside

___% Chance sales/demand will substantially exceed forecast:

___% Chance sales/demand will not meet forecast:

4. Marketing Plan:

Market Projections for the future indicate: _____

Pricing Strategy is: _____

Service Program: _____

Segment Strategy: _____

Key Factors for Success: _____

Competitor's Strongest Offering(s): _____

Product/Service Support Program: _____

Sales Training Program: _____

Future Market Needs: _____

The Alliance's Anticipated response to future needs: _____

Step 4.1 Operational Business Plan

Task 4.1a *(continued)*

Create An Operational Business Plan

Segment Strategy: _____

Key Factors for Success: _____

Competitors' Strongest Offering(s): _____

Product/Service Support Program: _____

Sales Training Program: _____

Future Market Needs: _____

The Alliance's anticipated response to future needs: _____

5. Competitive Response

The key competitors in this segment are:

-Leader: _____

-Others: _____

In the Future, These Competitors May Be Expected to Enter the Segment:

The most challenging competitive response to this alliance will be:

If competitors engage in a price war, we will: _____

The Top Competitor's Strategies Will Be (1-5 Years From Now):

The top competitor's most valuable points are: _____

Step 4.1 Operational Business Plan

Task 4.1 *(continued)* Create An Operational Business Plan

6. Customer Acquisition and Retention Plan

The alliance expects to **Acquire** new customers by: _____

The alliance expects to **Prevent the Loss** of customers to the competition by: _____

7. Financial Projections

Financial Projections Indicate: _____

Both partners agree on the projections: _____

The level of confidence the partners have in the projection is: _____

Operational Team

The process of developing the plan is just as important as the content of the plan itself. Put the key champions and operational managers in a room together for 1-3 days to hammer out the details of the plan. This tests the intelligence, common sense, and the ability to solve problems together. Far better to go through this process before the alliance begins, than to deal with surprises afterwards.

The writing of the operations plan should be viewed as a “pilot project” between the operational managers of the prospective alliance. If the appointed operational managers cannot write the details of the plan, then obviously, they have slim hopes of managing the venture together.

The teamwork test enables operational managers to troubleshoot the plan, check “chemistry” and trust, smoke out unforeseen personnel problems, determine if the “not invented here” syndrome will smother innovation, and, if it has not yet happened, isolate the “deal killers” from the “skeptics”. The process secures organizational support and clarifies future roles and responsibilities.

Step 4.1 Operational Business Plan

Milestone Management

Management will require periodic reports on the progress and success of the alliance. This is best done by dividing the objectives into very discreet and measurable goals or performance milestones. By establishing clear goals and milestones against which to measure progress, and thus help bring a project to fruition, the alliance executive management's role is made far simpler. Executive management determines the framework of interim project reports, conducts periodic performance reviews, ensures the time frames are met, and reviews the project when complete to be sure it meets specifications.

Reporting Systems

An effective monitoring system keeps energies focused upon the plan and is essential to milestone management.

Establish a monitoring, reporting and evaluation process that enables the alliance to learn quickly and easily about its progress. (Don't have two performance reporting systems, one for each of the parent companies.)

Any system should follow the line of simplicity, flexibility, and rapid response. Choose a simple, easily managed system. It is better to know quickly the few key indicators than to have cumbersome details which take months to gather and are questionable in interpretation. When you can ask three poignant questions (the questions we should ask are unique, and dependent upon the specific alliance we are involved in) and know where you stand, you've probably got a good system.

Checklist 4.1b and *c* are checklists of some of the typical issues which should be considered in developing a reporting system.

Step 4.1 Operational Business Plan



~Tip~

By developing a Project Management Plan, alliances tend to have higher levels of certainty and clarity which enable alliance managers to make more definite and specific commitments of money, manpower, materials, and market resources. Risks become relatively more predictable and quantifiable. Timetables are better adhered to, and roles are more specifically delineated.



~Tip~

If unforeseen problems arise in meeting critical milestones, managers must have a means to get a commitment of resources from executive management or the sponsors. This procedure should be planned in advance.



Checklist 4.1b The Operational Plan

To ensure a good operational “fit.” both partners should develop a plan before signing final agreements.

- ___ Key Objectives, Goals and Milestones
- ___ Financial Forecasts Summary
- ___ Critical Success and Risk Factors
- ___ Product Performance Specifications
- ___ Service Support
- ___ Competitive Analysis
- ___ Management Procedures & Personnel
- ___ Marketing Plan with Sales Projections
- ___ Manufacturing/Production/Engineering Plan
- ___ Implementation Schedule
- ___ Contingency Plan
- ___ Operational and Administrative Responsibilities
- ___ Prices, Payments & Ordering Procedures

Step 4.1 Operational Business Plan



Checklist 4.1c Operational Reporting Systems

Select a common reporting system and agree in advance to what areas will be covered. Keep it simple.

- Schedule Reviews against Key Milestones
- Critical Issues and Deadlines
- Monthly and Year-to Date Financials vs. Plan
- Alliance Executive Management's Activities on the Venture's Behalf
- Sales Review and Forecast
- Customer Activity, especially "Target Customers"
- Cost and Price issues
- Quality Review
- Shipment/Delivery/Completion Reviews
- Technical/Manufacturing/Production Problems
- Coordination and Teamwork Issues
- Next Month's and Next Quarter's Expectations



~Tip~ Translating Goals into Results

Design a crisp, clear, focused plan for action. The "goal transformation process" requires three distinct steps:

- Step One: Create Distinct, Measurable, Time Oriented Goals using Strategic Return on Investment Criteria.
- Step Two: Engineer Task Structure using Project Management Techniques.
- Step Three: Assign Roles and Responsibilities using Responsibility Charting Methodology.

Step 4.1 Operational Business Plan

What the Experts Say...



“Don’t tell me you don’t one is like going to a gambling casino and rolling dice. That’s not what business have time to write an operations plan. Proceeding without is all about...I want to know the full architecture -- the broad design as well as the small details. If you run out of answers before I run out of questions, you haven’t through the plan through carefully.”

Roy Bonner, former IBM Sr. Exec.

~Trap~



Alliances are start-up businesses. They suffer from all the problems start-ups have.

Step 4.2 Management Issues

Control By Collaboration and Coordination

Unlike the internal corporate organization, alliances cannot be commanded because no one company is in charge, no one is in sole control. The critical skills are collaboration and coordination. Those individuals whose skills enable them to collaborate and coordinate on activities through effective communications are the best alliance managers. It's a teamwork function. Effective alliance managers see the "big" picture, take a long-term view and talk the many languages of the venture.



~Tip~

Alliance Management and Control

Managing and controlling an alliance is a very critical and delicate issue in alliance formation and a clear concern for most companies. Experienced practitioners comment:

"We try to keep control from getting in the way of collaborative effort."

"You can't really enforce control. You must set up the natural dynamics of the alliance so that controls are a natural part of the management process."

Alliance Manager's Problem Solving Role

When problems emerge (and they will) the alliance manager's role is to manage the decision-making, not necessarily to make the decision. (Clearly, in time of crisis or urgency, the coordinator may become the decision maker.) To be effective in a highly ambiguous environment with mature people on staff, the alliance manager will be an integrator who will bring key individuals together to build consensus, help the groups mutually diagnose problems, and stimulate creative solutions which maximize meeting each group's needs, while at the same time insisting that the venture's goals be met.

Step 4.2 Management Issues

Clear Policies and Values

Knowing how the differing styles and capabilities of two companies will mesh in an alliance is a key to effective integration. The purpose statement created during the negotiation stage is the first step. Still, it is not enough. A set of clear policies regarding corporate interaction with the alliance and with partner companies is essential. People need to know how decisions will be made, what the priorities are, who will be held accountable, and what rewards will be given. Clear policies and procedures for decision-making reinforce trust. People know where they stand, and what to expect. The future becomes less ambiguous in an inherently risky environment. Our company's customer and legal policies must not be violated by the alliance partner. Review policies with the alliance partner to ensure the highest standards are maintained.

Values engender trust, and trust is one of the greatest integrators, because it helps cast out corrosive doubt, second guessing, and hesitancy to action, while supporting healthy skepticism. Value structures also guide teamwork and thereby help maintain the alliance's chemistry "fit."

Contingency Planning

Alliances are designed to address risky situations. Each company should know its roles, responsibilities, and actions in the event should adversity strike. You **must** know how your partner will react in a crisis, or there will not be a level of trust required for peak alliance performance.

In fast moving markets, a contingency plan could spell the difference between success and failure by enabling the alliance to move quickly to solve a problem, jump on an opportunity, or adapt to a new situation. In addition to the realistic operational plan you develop (section 4.1), have an optimistic plan (outlined in broad terms) which describes how to handle exceptional success.

Step 4.2 Management Issues



Checklist 4.2 Alliance Management Issues

1. Alliance Management
 - Alliance managers are identified from both partners.
 - Alliance managers own and believe in the value of the alliance.
 - Operational Team members are identified.
 - Joint meeting is scheduled for writing a detailed Operational Business Plan.

2. Clear Policies and Alliance Values
 - Value Added Proposition are agreed upon.
 - Policies and values are agreed upon.
 - Our company's policies have been reviewed by the alliance partner and agreed to, or modifications have been approved.

3. Contingency Planning
 - A plan has been broadly outlined to handle the pressures caused by:
 - A quantum increase in sales beyond the forecast.
 - Potential problems have been identified and partner responses are mutually agreed upon.
 - A disastrous drop in the market demand.
 - A radical shift caused by the introduction of new technology.
 - A price war started by the competition.

Step 4.3 Customer Relationships

Delivering The Value Added Proposition

The critical issue here is: How can the alliances deliver greater value to the customer than any other competitor? The entire operational plan must be driven by the superior value created by the alliance.

Value will not simply be either the fastest technology, nor the most reliable system. It will be a “system of customer service,” which includes price, performance, support, technical capacity, timeliness, quality, future up-gradability, etc.

Customer Satisfaction

The alliance partners must be very clear about how to handle issues that bear directly on customer satisfaction. We cannot forget that many alliances are formed to generate value through customer engagement. To the extent that the Operational Team can positively and successfully impact Customer Satisfaction, value should be realized in the form of revenues and profits.

The Operational Team therefore has to be concerned not only with delivering the product or service for your company, but to do it in such a way that our customers will recognize the added value that we deliver over your competition. A core competency is one that is recognized by your customers.

Therefore we must be aware of the issues that will bear directly on customer satisfaction. We must also be willing to challenge ourselves by establishing the highest standards possible. Our need to establish customer satisfaction metrics will be a very important element of our alliance. These metrics need to be more than just a satisfaction index, it needs to be able to measure all of the elements in the supply chain leading up to the customer. These “in-process” measurements are the key to being able to enhance and improve our customer satisfaction index and in turn improve our customer relations.

Step 4.3 Customer Relationships

Transform Cultural Diversity Into Added Value

Differences in organizational cultures can be either extremely empowering or cause frictions which can divide the alliance quickly. These differing cultures will require alliance managers to increasingly play an integrative role with their partners, bridging cultural, perceptual, and value boundaries to empower the alliance.

Alliances have an obligation to capitalize on and exploit differences, not to make the differences tools of destruction. The creative tension that can evolve in an alliance can indeed create synergies.

However, it is truly disappointing how ethnocentrism and egotism -- traits sadly indigenous to every culture -- can intervene and destroy. Neither a good strategy nor a sound operations plan will overcome this destructive element. The only effective defense is first, to be sure the right chemistry "fit" exists before launching the alliance, and second, to have capable champions and alliance managers who can integrate effectively between the different cultures.



~Tip~ Customer Retention

The cost of acquiring a new customer generally is 30% higher in the first year than retaining a current customer.

BEST PRACTICE: With the alliance partner, jointly develop a customer retention **and** customer acquisition plan.



~Tip~

Understand the customer's needs in detail. Talk to the decision-makers who will buy the product, not the middle men. Know the precise reason for buying.

Step 4.4 - Integration, Empowerment and Control

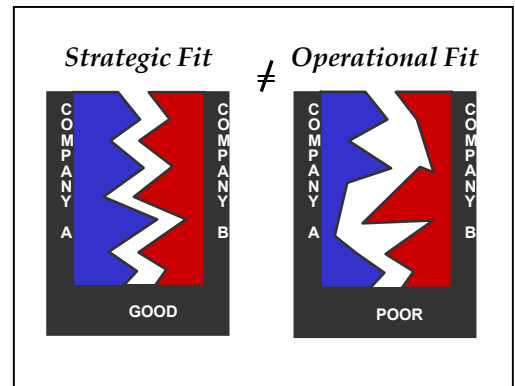
Integration Issues

Figure 4.4a illustrates the often unobserved reality: good strategic synergy (where strengths and weaknesses complement each other) does not necessarily imply a good operational fit.

The reason is really quite simple: opposite strategic capabilities will result in highly differentiated organizational cultures. By this we mean an e-commerce company will operate in a different time horizon than will a more traditional “bricks and mortar” organization.

Operational disparities will need to be addressed within the operational team. Issues regarding fit will have been addressed when developing the governance portion of the operational plan. Be sure to utilize consensus techniques when arriving at the solution. Both organizations have to be satisfied with the outcome.

Figure 4.4a Good vs Bad Fit



~Trap~

Poor Operational Integration is one of the primary causes of failure in alliances. All too often, alliance architects fatally assume that a good strategic fit of complementary strengths and weaknesses will propel the alliance to success.

In reality, the opposite is often true: differing strengths breed different cultures, making operational integration of paramount importance.



~Tip~

Assign Top Notch People
Weak management will lead down the rapid road to failure.
Remember the essential rule of alliance management:

“Far better to have a First Rate Management Team with a Grade B product, than a Grade A product with a Second Rate Management Team.”

The second-rate team will ruin a Grade A product, and be unable to adapt to unexpected problems.

Step 4.4 Integration, Empowerment and Control

Operational Integration

Utilize Checklist 4.4 to evaluate the operational fit of the two organizations. If a gap exists, identify it and determine how the two organizations will address the differences in operating styles. This will be a good test as to determine whether we have an alliance or a contract.



Checklist 4.4 Operational Fit

To ensure a well-structured operational “fit,” examine these issues:

- Corporate Culture: Is it compatible?
- Time Orientation: Do we work on the same time perspectives (i.e. customer responsiveness, product development, sales call follow-up)?
- Communications: Do we place the same value on frequent communications?
- Product Development: Do we use compatible specs, design systems, etc.?
- Allocation of Personnel: Have both companies appointed sufficient top-notch people to the alliance?
- Day-to-Day Problem Solving: Is there a commitment to solving problems early, and not engage in blaming or avoidance?
- Control Systems: Are control systems designed to reinforce performance and limit the chance of error, or are they designed to constrain and create bureaucratic inertia?
- Production Planning: Is the production system synchronized to the needs of the customer?
- Reporting Mechanisms: Are they simple, and oriented to leading indicators of success?

Step 4.4 Integration, Empowerment and Control

Operational Integration



Checklist 4.4 *(continued)* Operational Fit

To ensure a well-structured operational “fit,” examine these issues:

- ___ Product/Service Design: Are both companies committed to a design which truly meets customer needs?
- ___ Customer-Alliance Interfaces: Is the alliance truly “seamless” to the customer, or will the customer potentially “slip through the cracks” or get “caught in a squabble” between alliance partners authority/responsibility?
- ___ Responsibility Assignments: Are these clear, coordinated, and leveraging of each company’s core competencies?
- ___ Personal Relationships: Do key alliance personnel truly trust and respect their counterparts?
- ___ Rate of Change in the Organization Environment: Is the pacing of the two companies similar or compatible so that there is a natural coordination of speed in production, responsiveness, decision-making, etc.?
- ___ Internal and Cross Corporate Teamwork: Does the prospective partner commit a high degree of internal teamwork to give sufficient indication that teamwork will be successful with Your company over the long term?
- ___ Absence of “Not Invented Here” Syndrome: Are there any people/groups who are resistant to the alliance because of NIH (either within your company or the prospective partner)?

Step 4.4 Integration, Empowerment and Control

Responsibility Charting

Responsibility charting reduces the ambiguity as the work group interfaces by clarifying roles and responsibilities to prevent people from tripping over each other. Use it to convert goals into specific tasks and clear roles with precise lines of responsibility. Because lines of authority are not precise in an alliance, there will often be confusion or ambiguity concerning who is responsible for accomplishing a specific task, and what exact role the participants should play.

Be cautious not to create a Gordian knot that strangles decision-making and operational integrity. This can happen if partners, in an effort to create teamwork, attempt to involve too many people at too many levels in too many decisions. Get to the meat of the critical issue: Who is responsible for what? How does their working relationship interact with others? Formulate and disseminate the Responsibility Charts prior to finalizing agreements.

Sample Responsibility Chart

Figure 4.4b illustrates a sample Responsibility Chart in its **generic** form. Each major decision or task has been outlined with the individual or organizational unit necessary to carry out that operational decision or task. Each individual is then assigned a specific functional role (and only one role per person for each task.) The role categories are:

- Leadership for carrying out program (L)
- Keep informed (after the decision) (Info)
- Input (before the decision) (Input)
- Support (be involved, but not responsible) (S)
- Approval Power (A)
- Responsible (on a day-to-day basis) (R)

(These categories can and should be modified if needed to suit the needs of our situation.)

The following example (*figure 4.4b*) illustrates this procedure in an alliance between a marketing alliance partner and a company that coordinates service and distributes products.

In this example, broad tasks are divided between organizations. A further refinement of the charting might split the broad tasks into specific activities, and assign one person to be *responsible* for achieving a specific, measurable result on a day-to-day basis. Be careful not to have more than one person responsible for any task or decision, otherwise each person will assume the other is responsible, and operations will quickly disintegrate.

Step 4.4 Integration, Empowerment and Control

Sample Responsibility Chart

Figure 4.4b Using a Responsibility Chart

Sample Responsibility Chart			
Task	Alliance Mgmt Team	Alliance Company	Your Company
Develop Operations Plan	R	S	S
Develop Service Strategy	L	S	R
Selection & Contract with Solution Providers	S	Input	R
Establish Program Budget	A	---	R
Manufacture the Product	Input	Info	R
Pricing the Solution	R	S	S
Budget	Info	---	R
Establish Sales Quotas/ Composition Input	R	Info	
Train Sales Reps	Info	Support	Support
Design Literature	L	R	Input

(Note: In the task for “training sales reps,” no entity is held responsible. Clearly, this task will slip through the cracks, unless someone is assigned. Fortunately, using the responsibility charting process, the problem can be identified early enough to prevent a difficulty. Be sure there are no responsibility overlaps between Our company and its allies.

Step 4.4 Integration, Empowerment and Control

Task 4.4a Responsibility Charting

KEY:

Leadership = **L**

Support = **S**

Informed = **Info**

Approval Power = **A**

Input = **Input**

Responsible = **R**

List all critical tasks and/or major activities in the left-hand column. Then in each of the remaining three columns, indicate which role each of these groups has. Remember, only one column can have an "R" (responsible) for each task.

Tasks/Major Activities	Alliance Mgmt. Team	Ally Company	Our Company

Step 4.4 Integration, Empowerment and Control

The 120 Day Alliance Launch Plan

Imagine an alliance as a jet fighter: the greatest difficulty, complexity, and energy required occurs at the launch. Therefore, pay careful attention to the **transition** from the idea stage into the actual operational implementation.

The Plan: Once the business plan is agreed upon and the legal teams have agreed to the broad concepts of the alliance, it is time to examine, in detail, the first 120 days of the business plan. (*Note:* Very often the final structuring and legal documentation will take weeks or even months to complete. In many circumstances, the commencement of the alliance begins well in advance of the closing of the legal documents.)

Why: The 120 Day Launch Plan ensures:

- A seamless transition for the customer;
- Minimal conflict between the partners at the critical first stages of the alliance;
- A clear agreement and alignment of activities; and,
- Gaining of momentum with a continuous stream of small concrete “victories”.

What: Critical trigger points are determined which will be essential for a successful launch in the immediate (4 month) window, including:

- Essential goals, objectives, and milestone results;
- Key roles and responsibilities for specific individuals;
- Most important tasks;
- Resource Requirements;
- Time-lines;
- Interfaces; and,
- Key Factors for Success.

Step 4.4 Integration, Empowerment and Control

The 120 Day Alliance Launch Plan *(continued)*

- When:** The plan should be developed shortly before the actual launch. It covers 120 days because this period will span a quarterly reporting period, while being immediate enough to have a sense of urgency.
- Who:** The plan should be written collaboratively by a team consisting of alliance managers and operational managers who will be responsible for the alliance's results. Often Task Forces are created to perform specific functions during the launch. Some examples of task forces might include a Service and Support Team, a Joint Sales Team, a Promotional Team, a Systems Integration Team, etc.
- How:** Typically the time needed to design the plan will take at least 2 days of alliance team meetings to cover every element of the launch period. Project management techniques are very helpful at this stage. Do not attempt to take short-cuts, seeking to write the plan in less time, or to have one group write the plan independently, and seek the approval of the other partner later -- not only will important details be overlooked, but also much of the important integration of the two operational cultures will be sacrificed. The result will be conflict and confusion later -- at the most critical period when the alliance is visible to the customer. The purpose is not just to have a plan, but to engender the full commitment of both groups of operational managers.

Remember: People Support What They Help Create!

Step 4.4 Integration, Empowerment and Control

The 120 Day Alliance Launch Plan *(continued)*



Checklist 4.4a Meetings

1. Coordination Meetings: During this period, the alliance managers should agree upon:

___ The dates for a monthly face-to-face coordination and milestone performance discussion meeting

___ Weekly up-date phone call between the monthly meetings.

2. Key Meetings: What key meetings will need to occur in the next 120 days to ensure coordination of a successful launch?

Meeting/Topic Goals and Outline	Required Attendees	Date/Time Location/Logistics
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Step 4.4 Integration, Empowerment and Control

Creating Action and Support

Good top and middle rank support will be essential to succeed. List the people and groups who have to be actively on board. Place an “X” in the box identifying their current level of commitment, and an “O” in the box where the commitment must be in the future for success. Draw an arrow from the present to the future to indicate the direction needed.



Checklist 4.4b Support Groups

Key People/Groups

Position

Action Required for Movement

Opposed Unknown Bystander Key Support Key Implementer

1. John Jones (<i>example</i>)	X	Meet on Monday- Proposed Briefing
2. Engineering (<i>example</i>)	X	See Harry - Discuss Target Closing
3. _____		
4. _____		
5. _____		
6. _____		

Resource Requirements

Indicate what resource will be required and who will be providing those resources:

Resource Requirement

Provided by:

Date

~Tip~ Best Practice

Experience has shown that the first 120 days in the life of an alliance have the most influential impact on its ultimate success. Remember, an alliance like a “start-up company”, requiring attention to the details as the operational systems of Your company and all the alliance partners are integrated.

Step 4.4 Integration, Empowerment and Control

Task 4.4b Action Issues

What action items must occur to get our alliance program going in the right direction?

	<u>ACTION</u>	<u>START DATE</u>	<u>END DATE</u>	<u>RESPONSIBILITY</u>
This week	1. _____			
	2. _____			
	3. _____			
	4. _____			
	5. _____			
	6. _____			
This Month	7. _____			
	8. _____			
	9. _____			
	10. _____			
	11. _____			

Step 4.4 Integration, Empowerment and Control

Task 4.4b (continued) Action Issues

	<u>ACTION</u>	<u>START DATE</u>	<u>END DATE</u>	<u>RESPONSIBILITY</u>
Next Month	12.			
	13.			
	14.			
	15.			
	16.			
Later	17.			
	18.			
	19.			
	20.			