Marketing's value added role in alliances

In his second article on marketing alliances Andrew Crossley examines the role of the marketing team in planning and supporting successful alliances. Marketers have a value added role in their development, he argues.

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In Developing and Marketing A Successful Alliance (Construction Marketer Vol 1 No 4 p9) the three case studies illustrated several important factors for a successful alliance. Here, the role of the marketing team, in helping plan and support a successful alliance, is examined in more detail.

Building a partnering team

Successful alliances need to be professionally planned using proven evaluation tools, management and processes. Extensive research over the past decade has highlighted several important facts. Firstly, success is not easy - it is estimated that between 50% and 70% of alliances fail. Over the same review period between 50% and 80% of mergers and acquisitions also failed. Secondly, successful alliances can enable partners to generate between 25% and 35% more revenue over and above forecasts for organic growth. If an organisation delivers differentiated best practice using alliances, it will improve stakeholder value.

Centre of Excellence

Establishing a Centre of Excellence (COE) for alliances is a sensible investment. Initially, this may need external support in assessing people's partnering skills, building the right alliance processes and setting up company evaluation and management systems. People make or break alliances, and people with poor partnering skills often do break them. A COE helps develop, retain and transfer relevant knowledge and experience by acting as a conduit to industry expertise. Increased performance comes from maturity. One study estimated that it needs at least six alliance projects to begin to institutionalise best practice. Establishing the COE within the marketing or business development function, where it can work with a board level sponsor and a range of line managers (the implementation team) is a sound starting position. As dedicated practitioners, the COE team deepen understanding, buy in and support for the goals of each alliance within line management.

Acquiring Alliance Skills

An organisation can acquire alliance skills and technology in several ways. It can:

1. Develop these in-house;
2. Buy in new experienced staff;
3. Use external advisors; or
4. Rely on a target alliance partner to deliver a workable process.

The first option takes time and may not gain peer group support. Option two involves time, recruitment cost and new staff members rapidly understanding the corporate culture. The third option brings in outside skills, knowledge and experience but needs to be evaluated in terms of cost and benefit. A board level sponsor needs to ensure that the skills are leveraged into the organisation quickly and effectively.

External facilitators should not become permanent substitutes for an in-house team (COE). However, they can help in the COE's development phase. The final option relies on a proposed partner having well-established partnering processes, but may be viewed as too passive and requires an unusual level of trust in an untried relationship. An organisation really wanting to succeed should not attempt to create its first half dozen alliances without:

- professional planning and support;
- well developed partnering processes; and
- experienced assistance.

As the skills and processes become established the COE team will develop the skills, knowledge and experience to facilitate future alliances within the business and with its partners.

Partnering intelligence and the COE

The role of positive relationships in setting up and managing a successful alliance cannot be underestimated. Building successful relationships was a recurring theme in the three case studies in the previous article This is a learned and measured skill. Unlike a person's Intelligence Quotient (IQ), which is relatively fixed, his Partnering Quotient (PQ) can be improved with the right degree of training and development. The reader can obtain his initial score by taking the PQ Assessment at www.partneringintelligence .com/assessment.cfm (feedback is given on-line).

Figure 1 illustrates how the PQ score is then segmented into six relationship development attributes. In this example the individual has an initial PQ of 112 (medium). The attributes needing further development are: overcoming past orientation, increasing comfort with change and ability to trust. Past orientation is often linked with a low ability to trust and relatively common within technical, commercial and accounting functions.

The six relationship development attributes together with the proposed alliance's partnership development programme create the Partnership Continuum™ alliance framework. The role of the COE team is to learn these new skills, introduce and champion their consistent use within the organisation (as company best practice) and begin to facilitate external alliances as the in-house experience grows.

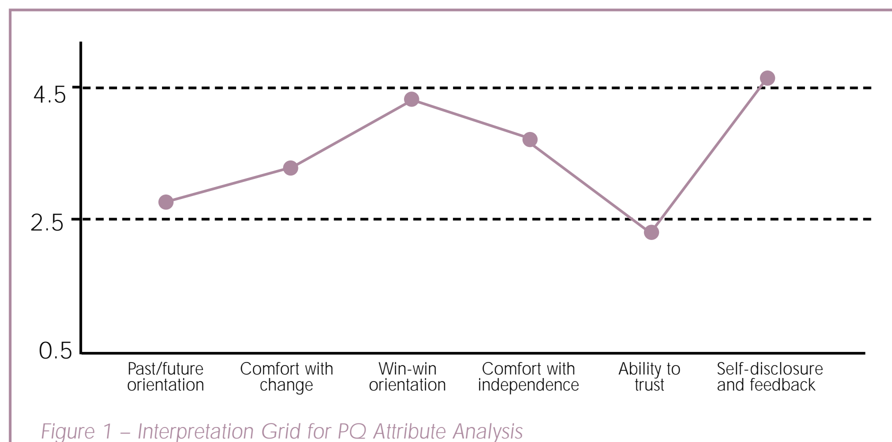

Figure 1 – Interpretation Grid for PQ Attribute Analysis

Planning and Implementation

Within many modern infrastructure companies the marketing functions have matured. The marketers' ability to contribute to the organisation's development either expands into strategic planning and implementation (with board representation) or is re-engineered into the supporting role of corporate communications (often with no direct board representation).

For strategic planning groups championing alliances has become a new 'business critical' role. Here the COE team can help the board with planning the vision, mission and strategic direction for each desired alliance. If another director is championing this activity at board level, the marketing team needs to add value by effectively communicating the alliance goals upon establishment of the relevant partnership. In either case the marketing unit supports the business and the partnership.

Alliance implementation and ownership must be through line management. Experience shows that line managers either actively support and develop the alliance or try and ignore it. In the worst-case some line managers attempt to de-rail a fledgling alliance unless they have actively been engaged in the formation process. Hence line management must be trained in partnering skills and develop high PQ levels for alliances to succeed.

No Room for Egos

An organisation wanting to develop, add value to its stakeholder and grow via alliances needs to assess the corporate culture and the management's ability to work as a team. There is no place for fiefdoms and egos in a 21st century business. Egos and purposeful corporate subterfuge are the two greatest value destroyers in cementing successful alliances – especially back at base. This underlines the need for board level sponsorship, clear, unambiguous communication, the involvement of the line management and the introduction of new 'learned' behaviours to enable the alliance to flourish.

Egos often appear within an organisation used to 'tender clubs', where a series of ad-hoc, poorly planned and non-integrated relationships exist. This is especially prevalent in regionally dominated businesses (autonomous business units can resemble fiefdoms). The COE has a critical role in engaging these teams to re-think their strategy. Teams that have been involved in tender clubs can be transformed into strategic alliances by employing objective evaluation and partnering processes. If club members do not fit the required profile they need to be re-evaluated and, if necessary, abandoned. This is a hard decision requiring pro-active communication and reasoned explanation, especially to the business units affected.

Conclusions

In conclusion, marketing has a value added role in establishing centres of excellence for alliances.

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then anything that achieves that will feel acceptable, providing I do nothing illegal or unprofessional of course. I might, for example, try to sell my clients all the services my firm has to offer, whether they are interested or not. In meetings I might listen out only for problems rather than trying to get a full understanding of the client's situation. I will be tempted to pounce on opportunities until the client may start to feel a little punch drunk.

And yet the greatest shame is that as a firm we probably have something to offer that would be of immense value to the client and his business. The problem is that the client may have stopped listening some time ago when I tried to sell him something he did not want.

But what if my, and the firm's, avowed purpose is different? What if I am focused on building long-term client relationships and am genuinely only interested in doing the things that would add real value to the client's organisation over the long-term? Then my behaviour will be different. Then I might invest time in understanding the business, with real enthusiasm. I might find non-chargeable ways to constantly help my contact and his business. I might recommend non-competing advisers who can add something special even if their fees might come from the same pot as mine this year. I might even recommend competing advisers for some of the work because they are better at it, at least in the short-term!

But I would also be exploring ways in which other services we offer could be of value. On that basis, and with the client's blessing, I would be best placed to develop a multi-service relationship with the client and their organisation. I would be cross-selling.

Purpose is central to behaviour. So, Rule One of ethical cross-selling is: "What's in it for the client?" However, even if our motivation is pure, will our clients believe us? That will depend on how they see us. For ethical and successful cross-selling the key is to be, and to be seen as, a trusted adviser.

For that reason Rule Two of ethical cross-selling is: "Trust comes first – fee income comes later". If you are a trusted adviser cross-selling is easy. Therefore if cross-selling is a key strategy of the firm, the first priority must be to develop the skill of fee earners in building and maintaining trust. It means developing their ability to convince clients of their Credibility. Competence and Compatibility.

Credibility (meaning that the client believes us and believes in us) comes from confidence (in all situations, not just in talking about our 'specialist subject'), initial impact, honesty and delivering as promised (everything, every time).

Competence (meaning that the client believes we can do what we say we can do) is demonstrated through knowledge and expertise, a track record and by using searching (non-manipulative) questions as you seek to genuinely understand the situation and the client's business – not just his or her 'needs' or 'problems'.

Compatibility (meaning that the client believes he or she can work with us) is built by demonstrating interest (not just taking the client out to lunch), active listening, adapting behaviour (not just 'being ourselves'), showing we care and revealing vulnerability (which is in conflict with many professionals' instincts).

Are these behaviours teachable? Yes – some, but not all. Of key importance are the core values of the person doing the cross-selling. Ethical cross-selling is done by people with core values that characterise a trusted adviser. These values must be more than skin deep. They need to be genuine and held strongly enough to withstand the many temptations towards short cuts and quick rewards.

So, does cross-selling deserve a bad reputation? No, but it depends on the Ethics of the situation:

1. Why cross-selling is done – the Purpose;
2. How cross-selling is done – not through a process of sell, sell, sell; and
3. Who does the cross-selling and what they genuinely believe is right.

Our experience at the PACE Partnership tells us that the ethical way to cross-sell is also by far the most effective way. Firstly your clients will prefer it and secondly your fee earners will be comfortable doing it. And, as an added bonus, the name of your firm will never appear in the newspapers for the wrong reasons!

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Teams need to watch for:

Five Value Destroyers

- Allowing centre versus operating unit 'ego battles' to damage new alliances at birth.
- Treating alliances as being owned by marketing/business development – instead of being supported by these functions and managed by the relevant business unit.
- Allowing the fog factor of "tender clubs" to pollute newer, better planned, business alliances. This does not preclude existing business-to-business relationships from being evaluated alongside other options.
- Marketing functions attempting to control the relationships between businesses rather than support them via a Centre of Excellence.
- Failing to have an agreed vision, mission and strategic direction for each alliance.

Five Value Builders

- Helping introduce and champion alliances as part of strategic planning process.
- Creating a corporate Centre of Excellence in alliance formation (this is a knowledge based and advisory role).
- Communicating the alliances benefits both internally and externally to Clients – especially the interests of the alliance partner in satisfying Clients' needs and wants.
- Contributing to joint business planning and alliance performance measurement.
- Connecting to alliance industry expertise (maintaining databanks, attending seminars, keeping contact with other practitioners).