

Strategic Alliances: what are they and how do I form one?

By Joan Weir

What are strategic alliances?

Strategic alliances are one of the key tools in marketing yet are a strategy that many business owners overlook. Basically a strategic alliance is an agreement between two businesses to help build each other's business. The agreement should be mutually beneficial to both businesses and should allow both parties to achieve results they could not accomplish on their own. You can make your strategic alliance as formal or informal as you want. It's really over to you and what best suits your business.

7 Steps to forming a strategic alliance

1. Identify why you want an alliance.

Like any goal, it's important to know why you want an alliance and what you want to achieve from it. It may be that you want quality referrals, more clients, to get your name more known or to do some joint marketing activities. What is your specific reason for forming an alliance?

2. Define your ideal alliance partner

It's important to align yourself with someone whom you're comfortable with. So ask yourself what qualities, characteristics or values must your strategic alliance partner have? What's important to you in this relationship? And how do you envisage this partnership working?

For example a coach friend of mine when establishing her alliances chose to only work with others who provided great service, and who took time with their clients, because this was how she treated her own clients.

3. Make a list of possible strategic alliance partners

Write a list of as many businesses you can think of, whom you could form an alliance with. This could include your key customers, suppliers, a competitor, a related industry or other professional associates, maybe an ex-employer or community groups.

A good way to find possible partners is to identify who already markets to your target market. Also look at what products or services your customers buy before, during or after buying your product. Or what alternative products or services do they buy instead? The suppliers of these products or services could make ideal strategic alliance partners.

4. Choose 3-4 possible partners

Choose those partners that you want to start working with over the next 6 months or so. They may be the ones that would benefit you the most, or those who have biggest market.

5. Work out what you can offer

What do you have to offer your partner? Remember a strategic alliance is mutually beneficial. So it's important to identify how you can help their business. What type of ways could you work together? What do their customers need? How can you add value to their clients?

Some ideas are to display your partner's business cards or brochures in your office, include your partner's brochure in your mail out, contribute an article to their newsletter, give away their vouchers with your goods or services, or pass on

a percentage fee for each new client you gain. Whatever you offer needs to be of value to your potential partner and also be something that suits you and your business.

6. Make an offer to prospective partner

Decide on your timeframe for approaching possible partners and then arrange to meet with each partner and discuss forming an alliance. Communicate your offer very clearly; be honest about what you seek to gain and what you can provide. Ensure it is a win/win situation. One way you can do this is to ask your alliance partner "how best can we work together?"

7. Evaluate the alliance

Make sure you keep your agreements with your strategic alliance partner and stay in regular touch with them. Regularly evaluate the alliance and keep track of new business you are gaining.

Enjoy the benefits of strategic alliances!

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