

ALLIANCES AND JOINT VENTURES: THE POWER OF (MORE THAN) ONE

Joint ventures are often referred to as strategic alliances, business alliances beneficiary relationships etc. Whatever it is called, the principle is always the same... it's about related business teaming up and combining skills, products, services and resources to create new streams of income and profits.

Joint ventures are very common business arrangements. Why? Because joint ventures work! Joint ventures are a win-win business arrangement that leave all partners in the deal smiling!



Alliance and joint ventures don't necessarily have to entail all aspects of a business; they are usually targeted at component parts, where each can benefit from the strengths of the other. It is not uncommon for more efficient businesses to be operating with multiple alliance arrangements.

There are entire industries that are based on alliances & joint venturing. Our own tourism industry in Cairns is itself testimony to the power and strength of collaborative commercial arrangements; from packaging arrangements between operators of attractions, to shared costs of transfer and transport logistics; from distribution arrangements with wholesalers, inbound tour operators, retailers, and tour desks, to after hours reservation call centres. The Super Yachts industry cluster is another example of how significant revenue growth can be generated on the back of strategic business alliances.

The list goes on. The basic principle of these relationships is always the same ... two or more businesses team up, and using their combined resources, are able to create new streams of income, and/or cost savings, that would not have been possible (or extremely expensive to pursue) on their own.

How Can An Alliance Benefit My Business?

You don't have to be one of the "big guys" to make alliances work for you. Anyone can participate! If you are strategic in your alliances, joint ventures can be a powerful way to dramatically increase your income in very little time and with very little expense because.

- Joint ventures are a powerful way to strengthen your existing relationship with customers and subscribers by offering them increased value.
- Joint ventures are a great way to offer new products and services to your existing client and subscriber base without the expense of new product development and distribution.
- Joint ventures give you the perfect opportunity to capitalise on "your good name"

- Joint ventures allow you to increase the response you receive by as much as 400% by using third party endorsements.
- If you're a reputable business, then it should really be easy to find other companies to partner with.
- It brings targeted traffic, fast and easy to your website

How Do I Set Up An Alliance or Joint Venture?

You may feel apprehensive about approaching other businesses to suggest an alliance or joint venture. You might be concerned that you might be asking too much, or that you might offend someone. You can't think like this! Remember that joint ventures are win-win deals that give all parties involved an opportunity to profit!

Follow these elements in setting up your own alliances:

- Identify where there are opportunities to add value to your customers
- Identify opportunities to rationalise common areas of costs as between different players.
- Identify alternative players and assess relative pros and cons
- Contact preferred potential joint venture partners personally
- Explain exactly how each will profit from this relationship.
- Define and limit the risk.
- Make it financially appealing.
- Make it easy to do.
- Get a signed contract that includes terms for flow of funds, together with everything else that you have agreed on.

A word of warning! The rules as to what you should, and should not, share beforehand, will vary depending on the type of deal you are negotiating; however, you should be careful not to share too much information before you feel comfortable as to the genuine chance of the deal proceeding. It is not unusual to enter into a non-disclosure agreement, or at least a memorandum of understanding, at a relatively early stage in proceedings. Be as flexible as possible to close the deal... but don't make the mistake of revealing your best secrets too early!

Cheers

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