The Future of Strategic Partnerships

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It is no longer ‘Business as Usual’…

2. Technological Disruption: Fintech, Uber/Grab Taxi
3. Geopolitical developments:
   - Brexit, Trump
   - China’s 21st Century Silk Route Economic Belt
Food Price Index Hikes & Riots (Nos. dead)

Yaneer Bar-Yam, et al. New England Complex Systems Institute
THE GOLDEN EGGS:

A GOLDEN egg, one every day,
That simpleton’s Goose used to lay;
So he killed the poor thing,
Swifter fortune to bring,
And dined off his fortune that day.

GREED OVERREACHES ITSELF
3 Types of *Unexpected* Partnerships
### 3 Types of *Unexpected* Partnerships

<table>
<thead>
<tr>
<th>Industry/Sector Alliance</th>
<th>Description</th>
<th>Examples</th>
<th>Why Unexpected</th>
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<tbody>
<tr>
<td>Competitors (&amp; some immediate suppliers and customers) jointly set industry standards (e.g. Carbon emissions/SDG 13), share resources/cut costs, etc.</td>
<td>Global Agri-business Alliance; Green Freight Asia/Europe</td>
<td>Competitors co-operating!</td>
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3 Types of *Unexpected* Partnerships
Customer Segment-Centred Collaboration

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<td>Non-competiting MNCs, SMEs &amp; entreprenuers serving same customer segment</td>
<td>BOSCH-JFDI “agile collaborative venturing” on Smart Aging products for silver/elderly market. (According to a spokesman, this approach can <em>reduce</em> innovation costs by a factor of 8 and time to market by a factor of 4)</td>
<td>Trust and Intellectual Property rights complications</td>
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## 3 Types of *Unexpected* Partnerships

### Cross-sector Collaboration

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| Partners from across business, government t & civil society/NGO sectors collaborate to align strategy with SDGs and ‘social licence to operate’ | Asia P3 Hub (WASH - SDG 6)  
DSM (Good Health - SDG 3)  
Green Digital Finance Alliance (UNEP + ANT Financial) (No Poverty/Decent Work SDGs 1/8 and ...) | Profound sectoral differences (e.g. time horizons, decision-making processes); Variations even within each sector |
Beyond States and Markets
- Tragedy of the Commons; Strong Incentives wrt ‘Negative Externalities’

Increasing Cross-border challenges
- e.g. Transboundary pollution; Technological Disruptions disregard Borders/National Laws

Even domestically, ‘one size does not fit all’
- Market Regulation and Public Policy work at Macro scale; Inclusion and Equity better handled by Collective Governance that involves the 3rd Sector
When should Organisations Invest in Pursuing Strategic Partnerships?

What Does a “Burning Platform’ mean?
Motivations for Change

**CHALLENGE**

**SITUATION**: “We’re going to be in trouble.”

**PAIN**: The impending loss of our market dominance, job security, and organizational survival.

**OPPORTUNITY**

**SITUATION**: “If we act immediately, we can take advantage of this situation.”

**PAIN**: The loss of a potential advantage that is within our grasp.

**ANTICIPATED**

**SITUATION**: “In the future, we could be in a position to profit from what is going to happen.”

**PAIN**: The loss of a potential advantage that is possible to achieve in the future.
“Despite the fact that Millennials are coming of age in one of the most difficult economic climates in the past 100 years, a (2015) Nielsen global online study found that they continue to be most willing to pay extra for sustainable offerings - almost three-out-of-four respondents in the latest findings, up from approximately half in 2014.

“Brands that establish a reputation for environmental stewardship among today’s youngest consumers have an opportunity to not only grow market share but build loyalty among the power-consuming Millennials of tomorrow, too,” says Grace Farraj, SVP, Public Development & Sustainability, Nielsen.
Motivations for Change

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**Position as industry leader  
(Profit + Purpose)**

= Burning Ambition

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FROM BURNING PLATFORM TO BURNING AMBITION: HOW LEADERS SUSTAIN CHANGE
Strategic Alliances & their Objectives

Organizations collaborate to achieve diverse goals such as
- organizational learning,
- legitimacy,
- coping with uncertainty,
- R&D innovation,
- penetrating international markets,
- formulating industry standards, undertaking collective political actions

Strategic Partnerships can address both urgent ‘Burning Platforms’ and strategic ‘Burning Ambitions’
## Types of Strategic Partnerships & Benefits

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<tr>
<th>Benefits</th>
<th>Industry/ Sector Alliances</th>
<th>Customer Segment-Centred Collaborations</th>
<th>Cross-sector Collaborations</th>
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<td>Product/Process Innovation; R&amp;D</td>
<td>?</td>
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<td>Social Licence to Operate; Building Goodwill against PR Crises, etc</td>
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3 Reasons these Strategic Partnerships are Difficult

• Each Partner (esp. if from a different Sector) is profoundly different

• **Trust** is hard to build ... and maintain

• Potential benefits of strategic partnerships require exploration
Issues that Must be Proactively Managed

Legal:
• Risk of collusion/anti-trust, and ...
• IP capture; Protection of confidential information

Organisational:
• Internal hostility to disruption by external(!) ‘skunkworks’
• Impatience with ambiguity and exploration
## Overcoming the Challenges

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<th><strong>Manage “Enduring Truths”</strong></th>
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<td>Top level support is enough</td>
<td>‘Line managers” are constrained by their own accountabilities and legitimate concerns</td>
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<td>Common Goals at early stages are necessary (to ensure commitment) - and sufficient</td>
<td>Complimentary Activities may be enough to get started, but individual partners’ priorities must also be addressed regularly.</td>
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<td>Partnerships can be purely transactional</td>
<td>Values (and personal relationships at the beginning) are important to maintain trust, (e.g. when new influential players seek to enter the partnership)</td>
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<td>Aligning on short/long term time horizons can be done at the organizational level</td>
<td>Time horizon alignment is needed at the level of individuals too (VP Sales vs CEO vs Chairman)</td>
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