



Joint Venture and Alliances

A strategic alliance is a broad relationship with collaborative agreements to use joint resources, share risk and work to common objectives. These can be short or long, and with or without equity participation, and common objectives may include furthering the interests of your alliance partner, in return for mutual furthering of your interests, but without direct benefit sharing

	<i>Trading Partner</i>	<i>Joint Venture and Strategic Alliance</i>			<i>M&A</i>	
	Relationship	Non-Equity	Equity Alliance	Joint Venture	Merger	Acquisition
Control	Asymmetric	Shared			Complete	
Duration	Short-medium	Short-Long			Permanent	
Form	No new legal entity			New legal entity	Status Change	

Strategic alliances differ from M&A in that they focus on mutual “win-win” benefits, based on collaboration, trust and transparency. Alliances fail when they are subject to the “win-lose” negotiation styles of M&A transactions, or where the alliances are approached with hidden agendas.

	Strategic Alliance		M&A
Planning	Co-creation	↔	One-sided
Negotiation	Flexible	↔	Rigid
Duration	Finite	↔	Infinite
Risk/benefit Sharing	Shared	↔	Individual
Governance	Multiple teams	↔	One management team
Culture	Different to parents	↔	One Culture
Strategic Alignment	Regular review	↔	Integrated

Successful alliances are the result of trust and transparency, not just with the alliance partner but also within your own company. Clear objectives, timelines, without hidden agendas, combined with real time review and discussion, lead to trust and true “win-win” results. Success factors are outlined in the table below:

Alliance Execution	Strategy	Success begins with your strategy and not your partner. Be clear on what you want to achieve and do not use an alliance as a pretence for M&A
	Upfront planning	Detailed planning of all alliance objectives and transparency in the process is key. This include areas outside of the alliance but part of your strategic rationale for being there
	Termination planning	Alliances short have objectives and goals and clear plans for “graduating” once respective objectives have been met.
	Building Trust	Alliances are about “win-win”. Each party should understand, monitor and discuss all objectives, irrespective of the benefits which may accrue to any one partner
	Begin small	Taking small steps, and realizing quick wins, however small, are important to the building of deeper trusted relationships
	Monitoring	Alliances should be flexible and evolve over time, regular review of achievement of objectives and next steps, keeps the relationship on an even course
Capability	Capability building	Managing alliances require different capabilities and an overall collaborative management style. Successful companies build dedicated alliance management teams

How we can help

Successful alliances are created from mutual trust and understanding. Crossborder PMI Advisors supports its clients in extensive facilitation of alliance definitions with partners, and guiding carefully through any cultural misinterpretation areas. This areas include:

- Co-creation workshop facilitation
- JV and Alliance formation advice
- JV and Alliance agreements
- Joint business planning support
- KPI and measurement implementation

For further information or RFP, please contact us at: info@xbpmi.jp

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