STRATEGIC ALLIANCE

Definition

* AStrategic Alliance is an association between two or

more companies that join resourcesand expertiseto develop a specific activity or group synergies as a strategic option for growth.

By PauloNunes

* Strategic alliances are the organizational arrangements and operationalpolicies within which independent organizations share administrative authority , establish social ties and accept joint ownership.

By SastreF.

NEED FOR COMPANIES FOR STRATEGIC ALLIANCE

 Reduce costs through economies

of scale or increased knowledge

Increase access to new technology

 Inhibit competitors

 Enter new markets

 Reduce cycle time

▯ Improve research and development

efforts ▯ Improve quality

KEY FACTORS OF STRATEGIC ALLIANCE

• Select the proper partners for the intended goals

• Share the right information

• Negotiate A deal that includes risk and benefit •

Come to a realistic agreement on the time • Mutual, flexible commitment on what's suitable to

change, measure and share within each partner's culture

- **Respect and protect the brand of each partner**

PROCESS OF STRATEGIC ALLIANCE

Setting alliance strategy

Selecting a partner

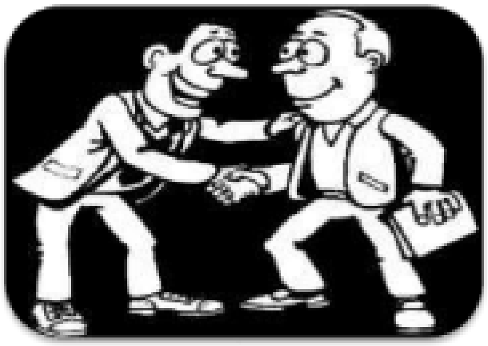
Structuring the

alliance

Managing the alliance

Re- evaluating the alliance

Types OF STRATEGIC ALLIANCE



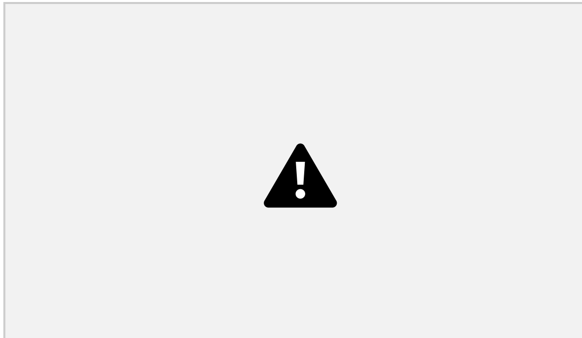
Joint venture Equity strategic

alliance Non- Equity

strategic alliance

Global Strategic
Alliances

Joint Venture: an agreement by two or more parties to form a single entity to undertake a certain project. Each of the businesses has an equity stake in the individual business and share revenues, expenses &

profits. 

Equity strategic alliance: an alliance in which 2 or more firms own different percentages of the company they have formed by combining some of their resources & capabilities to create a competitive advantage.

Non- equity strategic alliance: an alliance in which 2 or more firms develop a contractual-relationship to share some of their unique resources & capabilities to create a competitive advantage.

Global Strategic Alliances: working partnerships between companies (often more than 2) across national boundaries & increasingly across industries. Sometimes formed between company & a foreign government, or among companies & governments.

ADVANTAGES

- Improve organization efficiency.
- Offer to access new market and

technologies. • Reduce the impact of risk.

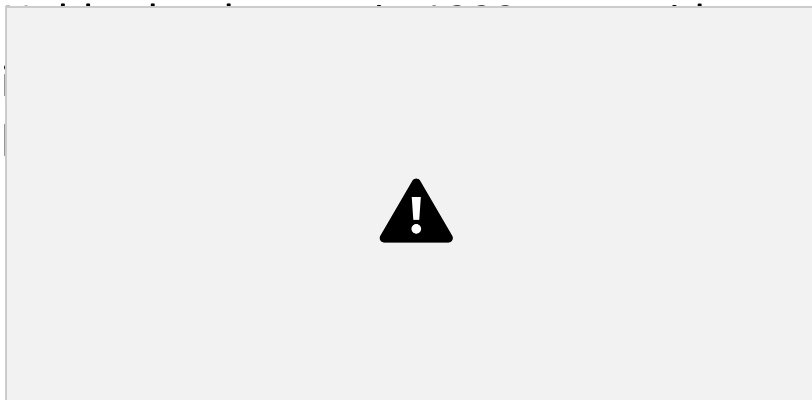
- Learning from partners
- Alliance could help a company develop a more effective process expand into a new market or develop an advantage over a competitor.

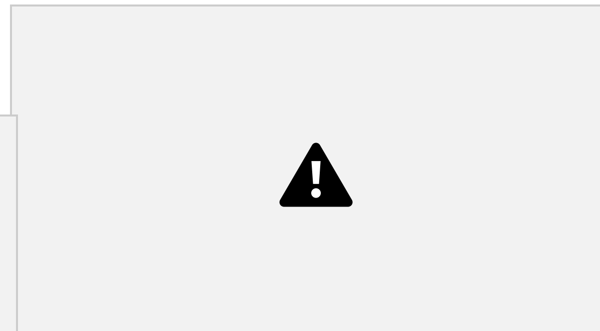
Disadvantages

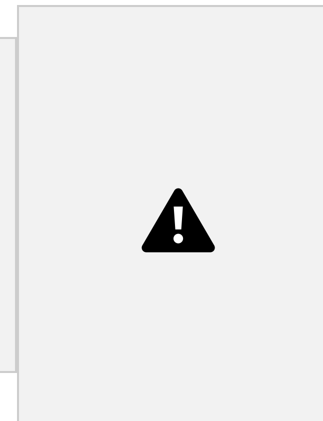
- Conflicts of control over the alliance
- Differences of objectives to be achieved with the association
- Risk that changes in attitudes, abilities and interests of the partners occur.
- Lack of sincerity and cooperation between the parties.
- Different management styles.
- High Influence costs because of the absence of a formal hierarchy and administration within the strategic alliance

Examples of Alliances Starbucks

Starbucks partnered with Barnes and

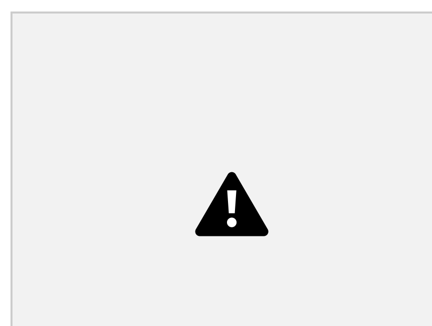


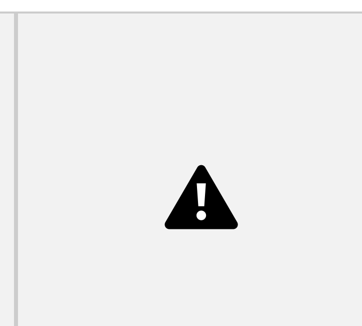




In 1996, Starbucks partnered with

Pepsico to bottle, distribute and sell the popular coffee- based drink, Frappacino.





A Starbucks-United Airlines alliance has resulted in their coffee being offered on flights with the Starbucks logo on the cups.

THANK YOU