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Fresh Start

As the life journey begins for each person, product, and organization, newborns are assigned to trusty mentors and executive guides who schedule deliveries, with little regard for the worthiness or readiness of parents; finally, blessed by a spark of hope, babies forever alter time and the universe.

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LARRAINE SEGIL

Fast Alliances

Mergers and acquisitions are things of the past; fast alliances are the future.

MERGERS AND ACQUISITIONS may be hitting the big chill, but alliances are sleeker and swifter—providing you a speed-to-market, time-to-market advantage, and allowing you to access others' capital investments.

Also, mergers and acquisitions use capital or stock. Capital is now scarce, and stock is hardly the currency it used to be. Most acquisitions will be focused on talent or technology. Companies such as Cisco will use depressed stock prices to their advantage in buying talent-heavy companies at low valuation and integrating them quickly. But without the integration expertise of Cisco, these acquisitions would likely fail.

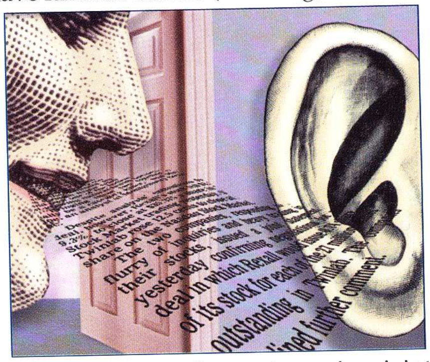
Even in the best of economic times, M&As are risky. In my survey, I learned that 44 percent of the merged companies report that, three years after merging, they have not gained access to new markets, increased their market share, nor added new products. The reason for this alarmingly high rate of failure is poor integration. Integration is the key to achieving the intended results—co-promotion, distribution or relationship building over time. Often, the signing of the deal becomes an end in itself. But the nitty-gritty of making mergers work is in the implementation and integration. A lousy deal is difficult to implement successfully. Even a good deal can be wrecked by incompetent implementation. While alliances do not allow the partners to control each other, they permit the kind of flexibility and cost-effective leveraging of others' skills and resources that in lean times can be far more valuable than acquisitions. And if it doesn't work, partners can terminate. In acquisitions, termination is not an option. Divestiture is an option, but along with that goes declining morale, lower productivity, and general malaise until the decision to divest is made.

Internet Alliances Set the Pace

So, with most M&As failing, savvy companies are turning to alliances to enable them to penetrate new markets, develop technology, and better manage their supply chain and customers.

Internet-inspired alliances are different. They are often partnerships between rival companies. By joining forces, these rivals are better positioned to survive a slowdown in consumer spending and other negative economic factors.

Although these "fast alliances" may have familiar names (licensing, co-marketing and promotion, outsourcing, joint development, constellations, and networks of interconnected corporations), the way they happen is very different—it's a constant process of success, failure, and recovery. While many traditional and transitional (traditional companies who are creating online activity) companies are struggling to create flexibility to change direction, new markets, products and services have evolved through competitive exchanges, aggregators, and new intermediaries with accelerated time-to-market—threatening those companies for whom 'e-business' is still in the planning rather than the execution phase. This requires adaptation to "FastStrategy".



Strategy—activities that design the direction and goals—changes fast in e-business alliances. Strategy is developed by the day. Because the business environment is in a constant state of flux, e-business strategy will be as reactive as it is proactive.

"FastStrategy" is what happens when thinking and idea creation occur before implementation. When implementation occurs, feedback is speedily translated into further thinking and idea creation that can quickly change the strategy.

"FastStrategy" requires that strategic planning becomes a flexible approach in which there is constant brainstorming with and input from a wide array of stakeholders. Strategy development becomes an integral part of daily activities, rather than a static corporate function.

The FastAlliance World

To determine if an alliance opportunity will fit into the "FastAlliance" approach, see if it has four characteristics: 1) the alliance is Internet-related, involving information, selling, buying, or any activity that uses the Internet as its primary vehicle; 2) your competition is operating in an Internet mode; 3) the customer wants value, and the Internet is the best solution for providing that value; 4) the customer valuation model has changed—key metrics, such as the number of eyeballs visiting your website, how long they stay, page views, and the amount of goods or services being purchased, evolve daily.

The trend is moving toward many non-exclusive alliances—rather than few exclusive alliances—because the evolution of e-business is so dramatic, new players and ideas so prevalent, and markets so unstable, that all opportunities must be investigated and attempted.

If your opportunity fits these characteristics, you are in the "FastAlliance" world. This means that your organization will be challenged in three arenas:

- Redefining who your customers are, how you reach them and what they want.
- Redesigning your reward and compensation systems to stimulate risk taking and innovation.
- **DEVELOPING MULTIPLE RELATIONSHIPS WITH SMALL AND LARGE COMPANIES THAT BOTH COMPETE AND COLLABORATE.**

The changes and opportunities of today's e-economy are challenging. Only companies that create a repeatable process of developing, managing, changing, and leveraging "FastAlliances" will thrive.

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Excellence in Action: *Determine how you might benefit from a fast alliance.*