Grow using high-impact partnering

With the South Australian economy dominated by SMEs and micro businesses, many businesses struggle to prosper; let alone compete in larger markets or on large-scale projects.

Challenges include increasing costs; a loss of competitive advantage due to a high Australian dollar; a lack of skilled resources; supply chain procurement driven by large companies and the need for scale to compete in national and global markets.

While small businesses are often the catalyst for great ideas and world-class intellectual property, they typically lack the resources, experience or distribution networks to take that next step in growth.

High-impact Business to Business (B2B) partnering equips companies to pool their resources, knowledge and skills to co-create and co-develop innovative solutions that capitalise on large market opportunities.

Yet the thought of partnering with a business that may compete in the same market can raise many questions. What would happen to our IP? Would they just take our customers? How would we get our fair share of returns? Would we lose control of our own business?

In the late 1990s, many small IT companies in this State feared collaborating with a larger IT companies - particularly multinationals - for these reasons. I often reflect on the opportunities lost by closing off this option too early.

Business owners need to evaluate the potential benefits of well-designed B2B partnering: These can include access to skilled resources; fresh thinking; larger networks and distribution channels; greater influence and purchasing power; and, of course, the opportunity to reduce costs.

Partnering is not easy. Many have had previous painful partnering experiences.

To succeed, you need to invest the time and effort to create a clear partnering process rather than just wait for it to happen.

What do we mean by partnering?

Partnering is about more than just a sponsorship or subcontracting, where the same work is shared among partners. (1+1=2).

B2B partnering maximises achieved benefits when partners jointly co-design and co-develop innovations and products or to tackle new markets together.

Using this approach, partners leverage their strengths and explore new ways to work together that design solutions not previously considered.

This is expanding the pie so that each partner gets a bigger slice: (1+1=3).

This high-impact partnering can result in true transformation for the businesses involved.

What does it take to partner well?

Key success factors required to get the most from B2B partnering include:

- Establish and maintain trust
- Share decision-making and embrace transparency about partnering activities
- Develop your partnering skills
- Commit your leaders to partnering
- Allocate the time to build partnering into your 'core business'
- Set clear goals for your partnering
- Assign the right people from each partner at the right time.

Above all, B2B partnering requires you to ask questions and challenge assumptions.

What makes a good partner?

Finding the right partner is not easy. A thorough process with proper due diligence is essential to locate potential partners. But it is often hard-to-measure intangibles that make the difference between a 'good partner' and one to avoid.

Critical points include congruent values, partnership "champions" within each organisation, complementary goals, a willingness to listen and question and a preparedness to let go of control and to take risks.

Develop your own criteria to assess partners. Use this as a filter to evaluate each potential partner. Beware words, but no action - partnering needs a strong commitment from each partner to succeed.

SAGE/CTEK partnership

For more than two years, SA-based SAGE Automation and NZ-based Combined Technologies (CTEK) have pursued high-impact partnering after SAGE MD Andrew Downs and CTEK MD Bob Stokes met at an overseas conference.

While the early stages were more about subcontracting to each other locally, the companies have embraced partnering as a potential business model. As trust grew, they realised they could leverage their combined resources to gain access to large markets in the Asia Pacific region.

Since then, they have developed a joint marketing and delivery strategy that expands their business opportunities by building on each other’s strengths.

Both companies believe partnering enables them to achieve far more than was possible alone.

Despite all the talk about partnering, high-impact B2B partnering is not easy. Understanding how to partner well and getting the right support along the way can speed the process and avoid problems.

South Australia has a strong history of collaboration and clustering in industry sectors, but we need to do it better to compete on the global stage.

We need to ‘step up’ to the B2B partnering business model to prosper and achieve our full potential.

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