

STRATEGIC ALLIANCES FOR CONSULTANTS

Strategic Alliance: An agreement between two business entities to compensate the other one for referring business.

Situations to Consider

- First party refers a client to second party
- First party refers consultants to second party
- First party keeps the project but utilizes services or consultants from the second party
- Both parties share the same client as a team on the same project



The CECON Group
Science & Engineering Consulting Network

Strategic Alliances for Consultants

Chemical Consultants Network

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Boyd Sorenson
Program Manager

The CECON Group

242 N. James Street, Suite 202, Tower Office Park, Wilmington, DE, 19804-3168
(888) 263-8000 fax: (302) 994-8837 e-mail: cecon@cecon.com Website: www.cecon.com

Strategic Alliances for Consultants

Some Definitions

War Terms: Winning

Business Context: Competitive Advantage

Strategy:

A plan of action designed to achieve a particular goal, usually related to major long term desired outcomes.

Strategic:

Of or relating to strategy; elements of the long term action plan.

Alliance:

The state of acting together with common goals and shared out-comes.

Strategic Alliances for Consultants

Typical Business Strategic Alliances

- Acquisition
- Joint Venture
- Joint Development Programs
- Licensing Arrangements
- Product Supply Contract to Certain Customers
- Vendor Sourcing Supply Contracts
- Others

Strategic Alliances for Consultants

Selected Examples of Consultant Strategic Alliances

- 1) Long term **relationship** with **clients** to provide a service.
- 2) Forming **business entitles with other consultants** (partnership, joint venture, corporation, LLC and so on).
- 3) Partnerships with other consultants (or consulting firms) to fill specific subject matter “**gaps.**”
- 4) Long term relationship with **vendor to purchase a service.**
- 5) Partnership with other consulting firms for **geographical** access.
- 6) Pooling expertise to attack **new consulting opportunities.**
- 7) Registration with consulting network organizations to provide **marketing leverage.**
- 8) Others...

Strategic Alliances for Consultants

Essential Elements of a Successful Strategic Alliance Program

“Definitions – Goals – Mechanisms -- Sharing”

- 1) Definitions:** Written agreement that defines: Parties, scope, term, expiration/ cancelations, metrics/reporting, dispute resolution and related logistical issues.
- 2) Goals (Long Term):** What we will accomplish together? Statement of alliance success with agreement from all parties.
- 3) Mechanism:** How the alliance will work: Communications, reporting channels, openness, logistics of task implementation, making changes, continuous improvement, schedules, metrics and reporting
- 4) Sharing:** Sharing of work, risk and rewards with a fair distribution of each.

TRUST

Strategic Alliances for Consultants

Pros and Cons of Consulting Strategic Alliances

Pros	Cons
<ul style="list-style-type: none">• Synergy: Win/Win• Increase your competitiveness• Expanded consulting horizons• Consulting growth opportunities• Alliance could grow to a more substantial entity	<ul style="list-style-type: none">• Big job to put in place• <u>Not using</u> the alliance• Making the alliance fair• Maintaining communications• Selling the alliance to others• Updating and maintenance of alliance; keeping it relevant

MORE DEFINITIONS

A Strategic Alliance is a formal relationship between two or more parties to pursue a set of agreed upon goals or to meet a critical business need while remaining independent organizations.

An agreement between two or more individuals or entities stating that the involved parties will act in a certain way in order to achieve a common goal. Strategic alliances usually make sense when the parties involved have complementary strengths.

TOPICS COVERED

AD HOC ALLIANCES PUT TOGETHER BY A THIRD PARTY

- IDEA CONNECTION.COM

AD HOC ALLIANCES FACILITATED BY A THIRD PARTY

- INNOCENTIVE.COM
- TEAMING USA

ALLIANCES PUT TOGETHER BY INDIVIDUALS

- PARTNERSHIPS

IDEACONNECTION.COM

How Problem Solving Works

Companies post challenges with IdeaConnections. You can be awarded \$500 to \$20,000 USD, for an accepted solution. As of Nov-20-09, the average award for working collaboratively on a challenge is \$5,500 USD per team member.

Twenty Challenges

Today multiple teams are working on approximately 20 challenges. Awards range from \$2,500 to \$12,500 per Problem Solver. There are approximately two new challenges a week. All challenges are confidential.

Invitation to Solve

Registered Problem Solvers are invited by email to solve problems. Once you agree to work on a problem, you are given the details of the challenge, and are introduced to your team members. Teams are made up of 3 to 4 of your peers and assigned a Facilitator. Each team is given an online ThinkSpace™ where you can communicate with each other, enter and update ideas, and ask questions of the Seeker.

You will meet with your team online at least once a week, but you can enter your ideas and solutions at any time. Typically, one team member is chosen to write up the solution that is presented to the Seeker.

Benefits

Vast array of problem types: electrical, mechanical, chemical, medical, nanotechnology, virtual reality, manufacturing, design, etc.

Accept only the projects that interest you.

Work from anywhere.

Make money and make new connections.

Innocentive.com - Teaming with Peers

With InnoCentive's Team Project Rooms (TPR), you can assemble your own dream team of smart and motivated peers. In fact, many Challenges offer the opportunity for cross-functional collaboration. By assembling the right team, you'll increase your chances of submitting a winning submission.

Team Project Rooms are set up and primed for collaboration. We've created legal agreements to facilitate intellectual property rights and award sharing. There are also tools for creating discussion forums, sharing documents, communicating with each other and with InnoCentive.

While not all Challenges come with the capability to set up a Team Project Room, all Challenges can be solved by teams. The only difference is that in Challenges without Team Project Rooms, you'll be responsible for negotiating with your peers and making your own arrangements in terms of award sharing.

TEAMINGUSA.COM

Teaming USA, a joint program of American Express OPEN® and Business Matchmaking, helps small business owners across America join forces to win.

And teaming is one of the top strategies for helping small businesses compete for and win government business.

Teaming USA provides the tools and inside tips to successfully team up with other small business owners to win contracts and is free of charge to all small business owners.

PARTNERSHIPS USING CHEMINNOLAB AS AN EXAMPLE

WE SET UP AN AGREEMENT THAT DEFINED

1) Who we were

What type of activities or businesses we intended to be involved in.

That we agreed to form an LLC with defined individual levels of ownership (all 25% in our case) and if gridlock occurred agreed to solve it through non binding arbitration and if that didn't work through binding arbitration.

2) Decision making Process

Voting rights being proportional to levels of ownership

3) Internal Projects

Defined by mutual agreement

4) Intellectual Property

a) Internal projects

b) Projects external to the LLC - that is we all retained rights to pursue other interests, agreed to notify the partnership as to what they were in writing and the partnership had the right to oppose any of those activities if they were mere extensions of technology the partnership had in place or were in direct competition

5) Sources and Distribution of Revenues

This covered our fees for working with clients and how internal projects would be financed and how revenues would be distributed amongst the partners.

6) Exit strategy for a single partner

a) Exiting partner can accept an offer for his shares from the partnership

b) He can seek an offer from a 3rd party but the Partnership would have 1st right of refusal at that price for a specified time period. In the event the shares were sold to a 3rd party they would become non voting.

c) Same options to designated beneficiaries in the event of the death of one of the partners.

7) How the partnership can be dissolved (required a 75% vote)

8) List of assets/ equipment belonging to the partnership.