



Forms of strategic partnerships

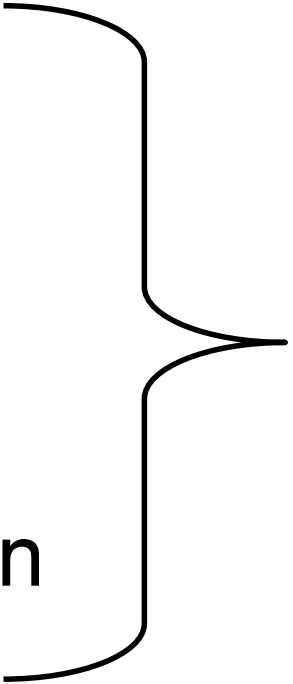


Strategic Partnerships

- „open“ form of co-operation
 - occasional co-operation
 - „quite“ informal agreements
- informal collaboration with information sharing
 - handshake agreement
- preferred suppliers and buyers
- production, assembly, buy, back agreement
- management, marketing, service agreement
- joint ventures
- franchising
- licensing
- outsourcing
- „close“ form of co-operation
 - merger
 - acquisition

Forms of strategic alliances

- management/marketing/service agreements
 - production/assembly/buy back agreements
 - preferred suppliers and buyers
 - informal collaboration with information sharing
 - franchising, licensing, outsourcing

 - **joint ventures**
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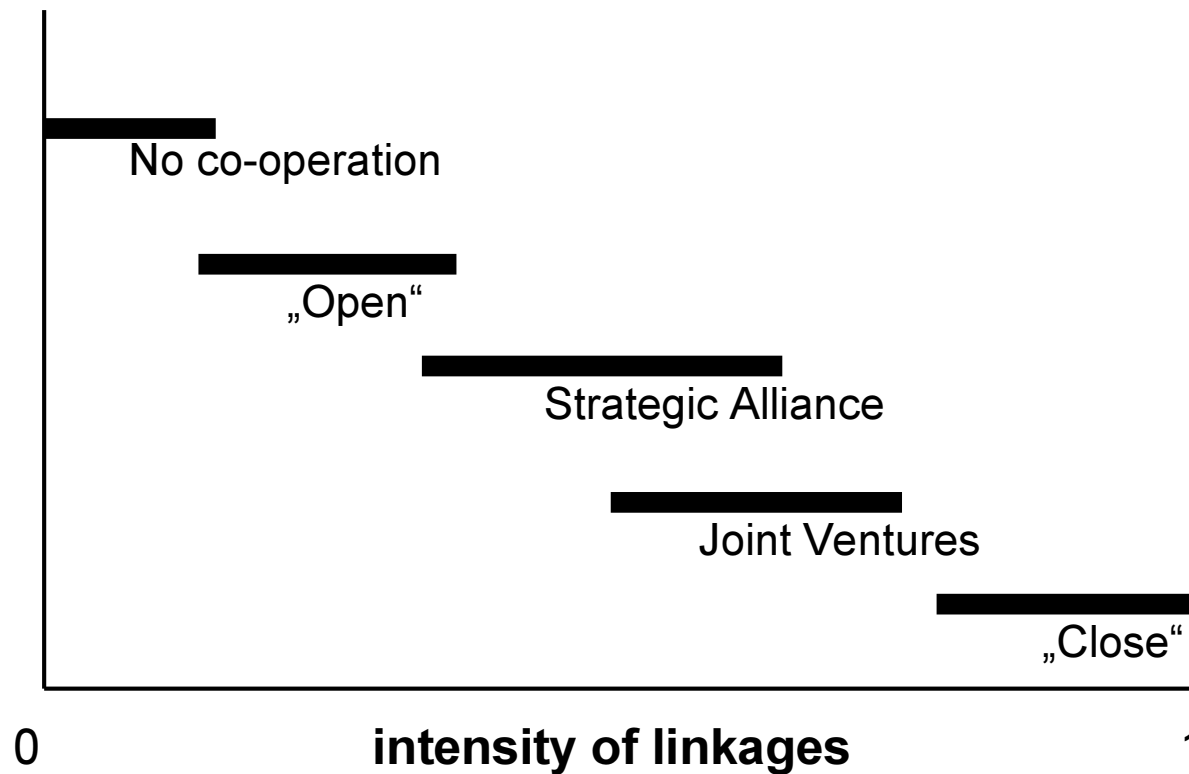
Strategic alliance

- alliance → one form of strategic partnership
- A relationship formed by **two or more organizations** that share (proprietary), participate in joint investments, and develop linked and common processes to **increase the performance of both** companies. Many organizations form strategic alliances to increase the performance of their common supply chain.

Source: <http://www.apics.org/>

- A Strategic Alliance is a partnership between two or more companies to pursue a set of **agreed upon goals** while **remaining independent** organizations. Strategic alliances come in all shapes and sizes, and include a wide range of cooperation, from contractual to equity forms. Source: Encyclopedia, Wikipedia, http://en.wikipedia.org/wiki/Strategic_alliance
- Definition according ASAP:
 - agreements with „open“ end
 - between separated companies
 - sharing common interests or goals

Intensity of linkages



Which of the mentioned problems can be solved by strategic alliances?

	Large company	Medium company	Small company
Management difficulty (level of bureaucracy, problem of intra-organizational control)	3	2	1
Provision of knowledge resources	2	1	2
Organizational flexibility	3	2	1
Professionalism and negotiation power	1	2	2
Innovative behavior of organization and its managers	3	2	1
Capital power, disposability of needed resources	1	2	3
Company risks and possibility of their reduction	2	2	3
Efficiency of economic processes	1	2	3
Possibility of quality control in the whole process of the economic activity	1	2	3



Small and medium enterprises

- 99,8% of all the Czech companies in the CR belong to SME
- 60% of all the employees in the national economy are employed in the SME
- Great importance of SME in the CR for GDP
- Ability to compete in the EU can be acquired when co-operating with other companies around even if they are competitors



Informal collaboration with information sharing

- Sharing of information which are interesting for the both sides (supplier and subscriber)
- The partners can share the experience and other data resources concerning the market conditions, experience with other partners, computer programs
- Handshake agreements
- **Question of trust** – it can be problem in the CR



Management / marketing / service agreements

- Agreements concerning the collective solution and implementation of external processes
- The external processes can be presented by mutually coordinated marketing, assembly and servicing of complicated equipments, common distribution
- The example of Technicoat and DuPont, co-operation in the strategic planning of marketing activities



Production / assembly / buy back agreements

- The participating companies are trying to exploit the advantages coming from the economies of scale
- Co-operation connected with fluently recovery of the capital equipment and later with buy back by the supplier of the equipment

Preferred suppliers and buyers

- Agreements connected with the special position of the partners (sole agency)
- Long-term co-operation
- License agreements are the subgroups of strategic partnership (strategic partnership is wider notion than strategic alliances) but they are also established on the principles of preferred suppliers and buyers
- ŠKODA Auto Mladá Boleslav

SIMPLY CLEVER



Sole agency



- The company **Starlift s.r.o.** is the exclusive agent of the American company Caterpillar Lift Truck (manufacturer of material handling equipment for a wide range of industrial and commercial applications)
- Starlift is distributor of the lift trucks and alongside it provides the customer of Caterpillar company with maintenance services
- The co-operation started 10 years ago
- Starlift company is also sole distributor for the Slovak market

Joint ventures

- An agreement between two or more firms to undertake the same business strategy and plan of action
- It has its legal form
- Two companies want to co-operate (share knowledge, **markets**, and profits) and they decide to create another company together – JOINT VENTURE
- In the CR typical for the enterprises with foreign capital

Barum Continental



- tires producer
- JV partner – German company
CONTINENTAL – 1992
- Barum – part of Continental Group





PLASTIKA a.s.
KROMĚŘÍŽ

SEPLAST



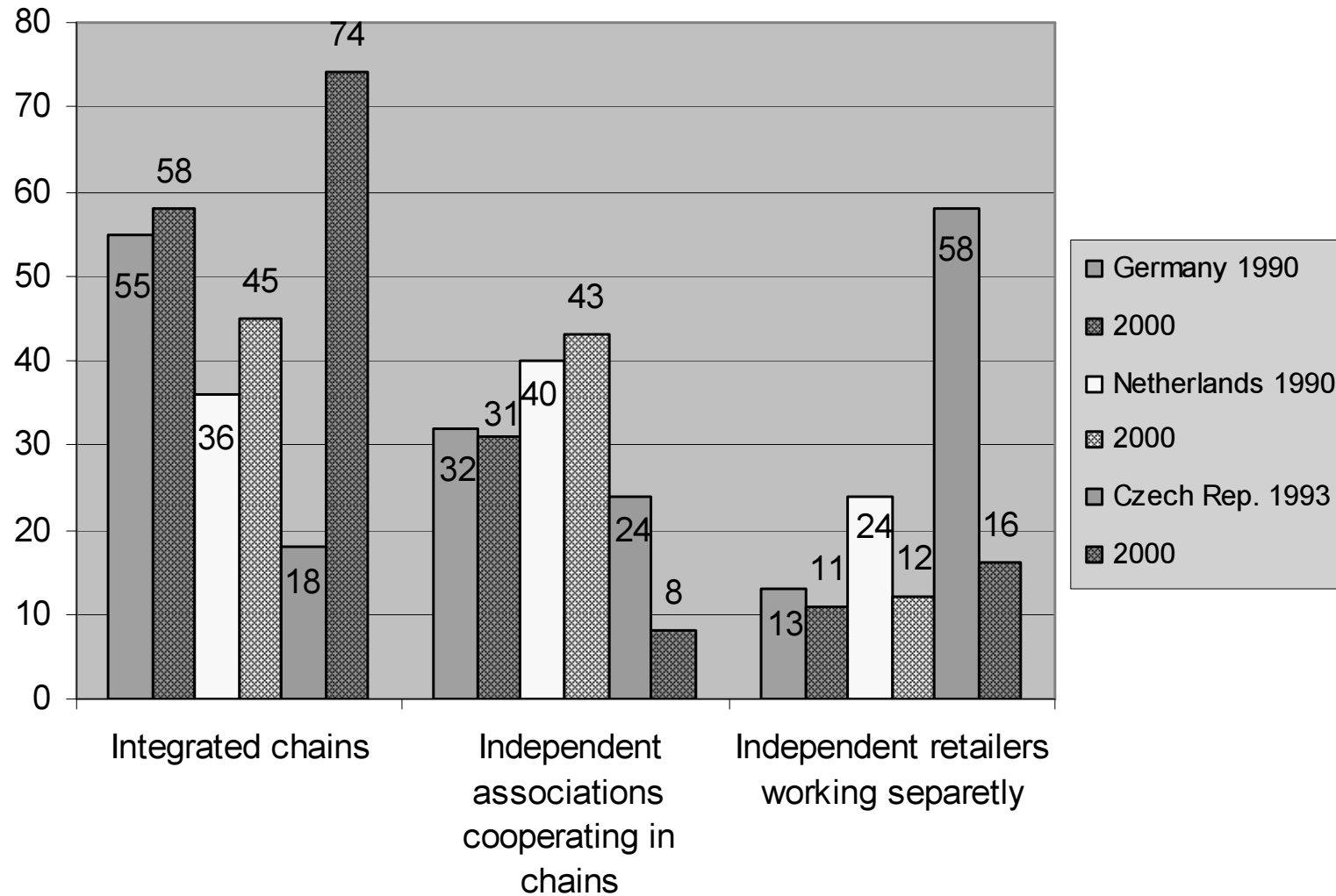
- The company **Plastika** s.r.o. Kroměříž established joint venture with the French company Seat Ventilation, SA in 1994 – **SEPLAST s.r.o.**
- Seplast is a producer and distributor of industrial ventilators units and plastic industrial ventilators
- Plastica provided the French partner with knowledge of the Czech market



Licensing

- The Czech company **Technicoat s.r.o.** operates in the surface coating business specializing in the application of industrial coatings (Teflon, Xylan, Dykor, Halar, Rilsan)
- Technicoat was awarded DuPont license to apply Teflon® Fluoropolymer coatings „DuPont Licensed Industrial Applicators“
- Technicoat is supplying also Slovak and Polish market
- **Success** of the co-operation: troublefree communication, sharing of know-how, knowledge of Czech and Slovak market

Co-operation in retail and wholesale



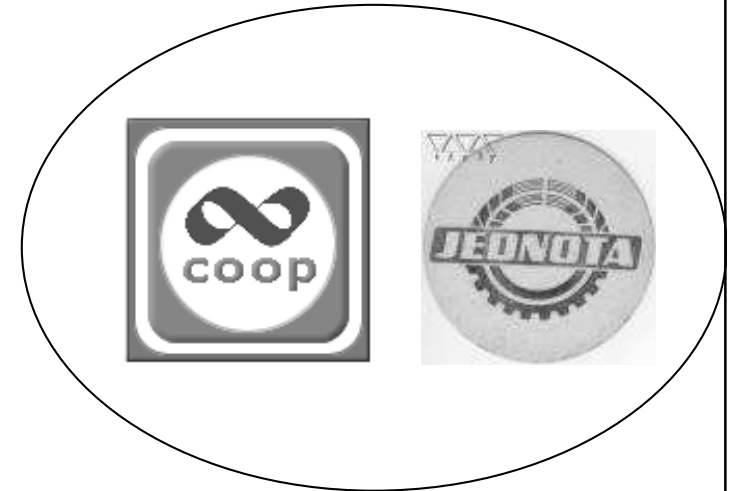
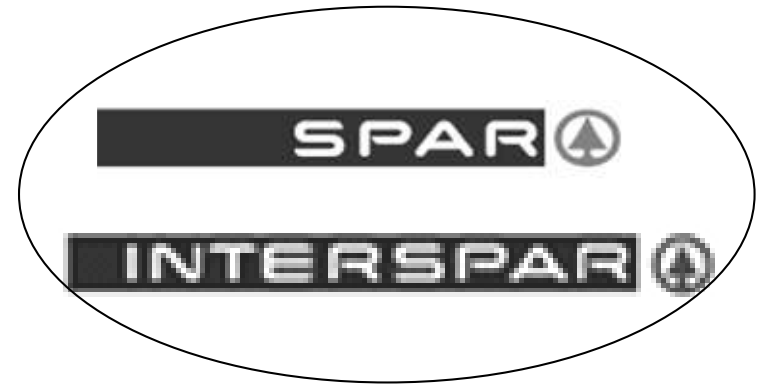
Cooperation in retail and wholesale

■ Stages of co-operation:

Level of Integration
↓

- Purchasing and payment alliance
- Purchasing and selling alliance
- Marketing alliance
- Service organization

- NC Praha – purchasing and payment alliance SPAR
- COOP Centrum
- Marketing alliances - Droxi, RENOME



- EMD Markant – Globus, Kaufland....



Dissatisfaction with alliances followed by their end

- Low rate of strategies conformity
- Unrealistic expectation concerning difficulty of establishment and running the alliance
- Key workers don't want to work
- Key workers don't manage to fulfill qualification requirements
- Enemy effort to become independent with regard to the founder



My experience concerning cooperation in the CR

- Problem with trust between the Czech companies being competitors, if they are going to co-operate (the Moravia Silesia Cluster) – problem especially of the co-operation supported by public authority
- Foreign partners are trying to produce for cheap in the Czech Republic
- Foreign partners want to expand and don't know the Czech market
- Cooperation between Czech firms in the sphere of research and development (24 of innovative research parks in the CR)
- Expansion of outsourcing



Thank you