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# Strategic Alliances: 10 Pitfalls to Avoid When Approaching Large Companies

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As a small business owner, you may be considering a strategic alliance with a large corporation to grow your firm. This option makes sense for many small businesses; large companies have extensive customer bases and sales forces, which could assist you in selling to new customers. Reaching new customers generates revenue that could take your business to the next level of growth. You also may be able to attract funding from these companies to assist in co-marketing or further developing your product or service. An effective alliance validates your business and thus may attract previously unimaginable opportunities.

## The Market Realities

An effective strategic alliance could be the key to your success. The unfortunate fact is that most small businesses struggle to gain attention and traction with large corporations. The reason? Many small businesses do not effectively engage with large companies when they are approached.

However, large companies need strategic partners just as much as you need them. They cannot afford, nor have the time to “do it all”. Large corporations need leading-edge products and offerings from other businesses to create “whole solutions” for their customers. When these relationships work effectively, they can be extremely lucrative for both parties.

To improve your success, I have compiled a list of 10 key pitfalls to avoid when approaching large companies. This has been gleaned from my experience attending thousands of meetings and phone calls with small businesses in almost a decade directing strategic alliances at a Fortune 100 corporation, as well as discussions and projects with alliance professionals at other large companies.

1. **Approaching the Wrong Company** – Many small companies go after the big names without regard to strategic fit with their business. This wastes precious resources on both sides. Researching the partners

who have maximum synergy and potential for your business will focus your efforts and pay-off in the long run.

2. **“Me, Me, Me, Company-Centric Presentations”** – We sat through countless presentations where the small business-up proudly described their technology or company without regard to how it benefited the corporation they were attempting to partner with, and how 2 + 2 would equal 10 if both companies worked together.
3. **Unclear Partnership Value Proposition** – To get people’s attention, you need to communicate very crisply what you bring to the table that your partner would not be able to do without you.
4. **Not Understanding Corporate Strategies** – Understanding your partners’ strategic intent helps you to focus your value proposition in a synergistic way with their goals.

*“When you are a big company, you have to think big,”* explains Craig Mundie, Microsoft’s chief strategist. *“You have to kind of swing for the fences.”*\*

Can your solution assist the large company in a big way? Can it help them gain competitive advantage? or significant revenue? or significant cost savings? If you can quantify it, then your case will catch their attention and imagination.

5. **Lack of Preparation** – “I’ll just call them up and see what we can make happen, right?” ...Wrong, you often only have one chance to make an impression. The notion of “picking up the phone”, or “showing up at a meeting” makes these encounters logistically easy. The challenge however, is getting beyond the initial meeting to make these relationships form quickly given your limited resources, and to build traction that will ultimately lead to sales and market recognition. Sad to say this happens more often than it should.
6. **Orthogonal Product Positioning** – Your product may be so revolutionary that there is not an obvious fit with existing business units. The Decision Maker or Alliance Team may not know what to do with you unless you understand their business. They may not be motivated to “figure it out” unless you guide them. You need to direct them as to where your product benefits their business.
7. **Unclear and/or Unrealistic Positioning Relative to Competitors** – Why should I work with you versus the other guys? A common mistake small businesses make is to either claim that they are strong in everything, or that they compete head-to-head with the gorillas in their space. This kills your credibility.
8. **Failing to Understand Partner’s Corporate Culture and Decision-Making.** It is a natural tendency for most people to “go to the top” to get to a quick deal. Although high-level support is important, in many large high-tech companies, there are informal influencers and decision-makers whom executives rely upon to qualify the opportunity and support decision-making. Failing to identify them and get their buy-in would jeopardize the whole partnership.
9. **Not Motivating the Listener** – Corporate sponsors are human and have their own motivations. As they are listening to your presentation, they are sorting out in their mind if there is a “play” here. What’s in it for their company? How will sponsoring this partnership advance my career and credibility? Is this a big strategic play, or a “me-too” play? Why is your company more important, than the many others who demand my attention? Do I trust this company? Do I like them and to want to work with them?

Prior to meeting with the sponsor, you should research and understand the current pressures the sponsor faces and how they approach decision-making.

10. **Betting on Only One Horse** – Many negotiations or partnerships have gone awry because companies tend to focus on one person in the organization. When that person leaves his/her job, there is nobody to champion the relationship, which is left to languish and flail. Having multiple contacts at the large company works well to avoid this situation.

## Getting to Results Quickly

Strategic alliances can mean the difference between success and failure at many small businesses. The challenge is to get beyond the initial meeting to make these relationships form quickly given your limited resources, and to build traction which will ultimately lead to sales and market recognition.

Corporate sponsors are busy people with their own set of motivations. Small businesses need to prepare intensely, and gather intelligence about the needs of the sponsor and strategies of that corporation to “rise above the noise”. You may only have one opportunity to capture the mind share of a corporate sponsor, and thus need to position your company to solve the needs of the corporation, in a significant way.

If you articulate and quantify why your product will help a corporation to gain competitive advantage, capture new market share, or significantly reduce cost, then you will capture their attention. This will speed decision-making, and unlock the potential of a great relationship and joint-business opportunity.

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Reference: \* Going for the Gold, U.S. News and World Report, 7/09/01

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