

# CULTIVATING STRATEGIC PARTNER RELATIONSHIPS Zagreb 2007



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# PERSONNEL AND ESM

Personnel - your lifeline to the outside (money-making) worlds

ESM - Export-focused Structural Mechanism - making sure your company has substance

# PERSONNEL

Martha

Reggie

Paul

Cathy

The names have been changed to protect the innocent!

# PERSONNEL

- Open-minded and Inquisitive
- Detective
- People skills
- Company (product / service knowledge)
- Mature Judgment
- Good Packager
- Reliable

# PERSONNEL

- Experience
- Educated
- Language
- Forward-thinking
- Liaison skills

anything else?

# PERSONNEL

Martha - organizer, details, forward-thinking,  
language

Trade missions

Intangibles / meeting feedback

Rapport

# PERSONNEL

Reggie - intelligence vs common sense, details (why bother?),  
'marketing relationship'? (yes, I have heard that term  
somewhere...)

Partner search contact process

Report packaging

Acceptance of criticism

# PERSONNEL

Paul - academically inclined, marketing? Areas of non-expertise?

Mistakes....but experience and criticism not wasted. Ability to adjust

Ability to delegate and manage

# PERSONNEL

Cathy - organized, reliable.... but innovator?

Partner search - needs cognitive skills (intelligence)

Execute well under close supervision

Office management vs partner search

# Export-focused Structural Mechanism (ESM)

Personnel in place? Fine. They are tools to deliver what the company has to offer.

But what does the company have to offer? Does the company have substance?

An ESM helps to ensure that the company is customer-focused and is responding to the needs of the market not not hoping the market will respond to it.

# CHARACTERISTICS OF AN ESM

## EMPOWERMENT

authority within the company to carry out its tasks

## TASKS

PSDV input, incorporation, delivery and monitoring

## STRUCTURE

empowered export office with M.B. member as head

## PERSONNEL

multi-taskers with ability to liaison both with targets and company personnel

## OBSTACLES

lack of empowerment, structural intransigence, PSDV feasibility

# WORKSHOP 3

How is your partner search and relationships affected by your company's personnel?

How is your partner search and relationships affected by your 'ability to deliver'?

- Think this through for 5 - 10 minutes. Make notes for yourself.
- Random groups of twos - the moderator will pass a hat around with marked papers. Each odd number A will pair with the even number B just above. Thus 1A will pair with 2B, 3A with 4B, etc.
- Each pair (A and B) will sit next to each other and share their experiences.
- General Discussion

# IDENTIFYING AND CO-OPTING FOREIGN STRATEGIC PARTNERS Zagreb 2007



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# What is our Primary Goal?

To find partners that can enhance our business

Is this an Exact Science?

No.

Finding Business Partners is not a Systematic Process

Neither is the Process of Finding Information

Each Search Process is Unique

# Focus of This Presentation

- 1) Market Research (Export Office?) Structure  
Tasks  
Personnel  
Support
- 2) Process - using this structure to identify and co-opt partners

Partners are identified in various ways - they often come to us  
It is good to know, however, how to find partners on your own - to have a system in place for identifying partners

# Structure

## Tasks (in partner identification and co-option)

- define tasks and develop action plan
- access and process information
- begin relationships
- pass on or utilize information

# Personnel

- Open-minded and Inquisitive
- Detective
- People skills
- Company (product / service knowledge)
- Mature Judgment
- Good Packager
- Reliable

# Support

- Empowerment

Is there material and 'political' support from management for this structure and the people in it?

Is the information obtained taken seriously and followed-up?

# Focus of This Presentation

## Practical Experience and Advice in Finding Foreign Partners

- What I learned in the past 14 years
- Your Experiences and Questions

# Partner Search - Process

Structure + People + Process

= partner identification and cultivation

# FLOW OF INFORMATION

Reactive - customers (information) come to you

Proactive - you find the customers (information)

# Information Process - Chain of Events Reactive



Partners have come to you over the years and bring with them market information about buyers, other players, etc.

Valuable capital - for some lucky companies seems to be enough - but it can never enough - and it can be dangerous!

# Information Process - Chain of Events

## Proactive



This is the focus of this presentation

How to acquire information that allows us to find partners that will enhance our business

# One Step Back - Choosing Your Market

## Determining Your Opportunity

### What you need to know

- What kind of partner am I looking for?
- In which market?
- Is there a need for my company to be in the market?
- What are the trends?
- What are the growth dynamics?
- Is there room?

# DEVELOP AN ACTION PLAN

## An Action Plan is a Project Map

- Concise Description of what you want to do  
(organize your thoughts!)
- State your Goals [General.........Specific]  
too general - lacks direction  
too specific - not room for discovery of other opportunities
- Provide a Timeline

# Sample of Mapping out of Goals

## Specific Goals in Partner Search (1)

GOAL - software services company partner search for acquisition

### Criteria

- focus on outsourced software product development.e. providing services to independent software vendors or SaaS providers or the embedded industry
- An acquisition target will be doing offshore outsourcing of software development,testing and quality assurance and software maintenance.
- 2006 revenues between 5-20 mln. USD. With 25% expected growth in 2007
- proven managerial team
- at least 15% EBITDA
- strong and growing customer base

# Sample of Mapping out of Goals

## Specific Goals in Partner Search (2)

- delivery centre that can scale to at least 500 with low turnover
- simple capital structure to facilitate transaction
- strong sales team/clients in Western Europe, Japan or US
- high quality infrastructure (motivated and quality personnel, HR, physical infrastructure)
- A domain focus in mobile, financial or embedded or a lifecycle specialty like testing or support
- delivery centres in low-cost regions
- high growth history and prospect

**TIMELINE** - 3-4 weeks from commencement for approximate list and description of 5 potential acquisition partners

# Sample of Mapping out of Goals

Sample of more general Action Plan (pg. 1)

## XXXXXXX Action Plan

**XXXXXXX** provides consultation to biotechnology product manufactures in regulatory, registration and related areas.

**Objective** - Identify and establish a relationship with biotechnology companies in Poland that might wish to enter the U.S. market with new products or gain recognition for such products among large American pharmaceutical concerns.

Identification goals:

Biotechnology start-ups	3 - 4	
Traditional pharmaceutical companies		4
Potential Representatives	2-3	
Contract Research Organization	1	
Market Expert	1	
Ministry of Health /?/	1	

# Sample of Mapping out of Goals

Sample of more general Action Plan (pg. 2)

Market scan should

- identify biotechnology market size and growth dynamics;
- identify companies developing biotechnology products;
- identify trends and legal barriers (if any) in the development of biotechnology products;
- explore various avenues of growth for Biologics such as
  - A. contracting with Polish CRO's on behalf of American clients;
  - B. developing a package of consulting services meant specifically to draw attention of large American pharmaceutical concerns to new products from small companies;
- identify competitor activity (if any);
- determine effects of EU accession on Poland biotechnology industry

industry

# Sample of Mapping out of Goals

## Sample of more general Action Plan

### XXXXXX Action Plan

**xxxxxxx** is one of the major manufacturers of filter bags used to filter out pollution particles from gases (and air-flows) that result in various industrial processes.

**Objective** - Penetrate the Polish market by arranging pre-screened meetings with potential end-users, distributors, representatives and market experts.

Identification goals:

End-Users	4 - 6
Distributors / Representatives	4
Market Experts	1 - 2

Market scan should include information on value of market, trends and<sub>18</sub> competition as well as mini-data base of potential clients.

# What Method to Find this Information?

'Soft' Information?  
Qualitative or Quantitative?

Soft Information - Cheapest, Easiest and probably  
most Reliable if you...

Talk to Players - tangible and intangible feedback

Acquiring Soft Information will be one of Today's Focuses

# Accessing Information

## General Comments

Seemingly an enormous amount of information 'out there'

But information on your 'potential partner market' is often quite limited

1. Market size
2. Product / Service Specifics

# Sources of Information Where?

- Internet / Secondary
  - a. Reports - general, but can be good
  - b. databases - targeted, potential partner material
- People - market players, experts
- Events - trade missions, trade fairs

# Sources of Information

## How?

- Gathering Information - Passive collection
- Utilizing Information - Active collection

# Sources of Information

## How to Acquire - Internet

(passive collection)

- Time

You can easily spend 8 hours 'surfing' for information before you find targeted sources

(but for a researcher this is fun!)

- Safety

Beware of 'carpal tunnel syndrome'!

- nerves in arm, wrist - pain, numbness, burning
- move and stretch frequently

- Information Types

General reports - sector or country

Size, trends, maybe dynamics but often 'rehashed'.

They can be helpful, however, see:

Chris O'Neill Databases - potential partners

# Sources of Information

## How to Acquire - Internet

(passive collection)

- Procedure: \_\_\_\_\_ Google it!  
The phrase 'google it! Is now coming to mean a generic search - on any search engine  
World and country versions  
Country search engines  
Country and sector databases
- Link-Following  
You are a detective, but you are also in a maze - many dead ends

# Sources of Information

## How to Acquire - Internet

### How to get target e-mail addresses

Sometimes provided in company websites but many websites provide no direct contact information.

- use sitemap, then internal website links to publications or news - a company employee will be involved and might provide contact - your first e-mail contact!
- use external internet sources. 'Google' the company and read press articles. Learn the name of managers. Find out e-mail format used by company and put manager's name into format and send. If it is bad it will return.
- call general number and ask but receptionists often are instructed not to give out information to unknown callers. Decide on approach before calling. Be brave and ask to be connected to the company president or vp etc. (provide name). Secretaries will often provide target's direct contact details.

# Sources of Information

## How to Utilize

### 'Cold-Calling'

#### Advice on construction of unsolicited e-mails

We have target e-mails. We write to the target. The target gets spam.  
How to get the target to read what we send?

- Wording in subject box
  - 'anti-marketing' approach. Use target's name, use your name, your organization and purpose of e-mail
  - example: *to Pres. Sobolewski from C. O'Neill (VEDP) regarding possible meeting with American company ICC Feb2807*
- Call upon authority
  - in text, if you can 'authenticate' your e-mail by calling upon the company/organizations that you work for and give their www's.
- Do not include attachments in first e-mail
  - Recipients are afraid to open unsolicited attachments - viruses
  - Ask for permission.

# Sources of Information

## How to Utilize

### 'Cold-Calling'

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  - Ask for permission.

# Sources of Information

## How to Find Phone Numbers to Targets

### No target telephone numbers? Not even names of targets?

- Phone the general number (or 'google' auxiliary numbers such as corporate affairs, legal matters) and hope to get the automated employee directory with telephone extensions and names. Write some down and call. Listen to their recorded messages and find out who they are. Contact them with requests for assistance. This is also good if you know target name but not number.
- Phone the management board and speak to secretary. Establish rapport and ask for help.
- Random 'google' or specific database search (ie list of donators to political campaigns). This is unconventional.
- Call after hours and speak to watchmen/caretakers (best with state targets).
- If you know a name - any name - call general number and ask to be put through.
- Any other suggestions?

# Sources of Information - People

## What Kind of Information from Who?

- **Marketing Personnel** - usually not a good source. They want to sell not buy and tend to guard company information.
- **Management** - interested in business. Straight to the point. Potentially very good sources but can be unreliable.
- **Technical / engineering** - often do not get calls from people like you. Eager to talk and share information. Good reliability.
- **Office Personnel** - source of both market information and target contacts.
- **Night-watchmen/ caretakers** - source of target contacts.

# Sources of Information - Events

## Trade Missions

- Trade missions are relatively easy to organize

- Backing of state agency
- Recruitment of participants in-country
- At least 6 weeks lead time

(find, screen and set-up meetings plus logistics done in target country)

- Trade missions are prestigious

- state involvement, ambassador involvement, mission dinner
- opportunity to 'leverage' high -level meetings

- Trade missions provide valuable market research

- see potential partner's operations
- get feeling for partner's abilities and capabilities
- compare several potential partners in short period.

# Sources of Information - Events

## Trade Fairs

One of the most commonly cited sources of new business  
Convergence of similar interests

- Prepare groundwork - prepare an Action Plan
- Identity targets before fair
- Set up meetings before traveling to fair
- Include meeting with market expert / embassy personnel
- Reserve time for post-fair follow-up meetings
- Know your 'competitive edge' and inform targets about this beforehand to ensure preliminary interest
- Be systematic about organizing information obtained from the fair

# WORKSHOP 2

Each company is different, but many of the above explained aspects of the search process should be similar

Develop your own blueprint:

Identify a theoretical or real structure in your company through which you will search

Place real people from your company in that structure that are qualified (be ready to explain why)

Develop an Action Plan (main points only)

Lists the steps that you think you might take in the process

Discuss

# STRATEGIC PARTNERS WHO? and HOW? Zagreb 2007



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# Types of Strategic Partners

## Examples

Customers - B2B End Users

Distributors

Representatives

Joint Venture partners

Manufacturing Licensees

Acquisitions

Government Entities

# Types of Strategic Partners - Examples

Discussion

Who are your strategic partners?

# Mini Cases Studies of Do's and Don't s

Series of case studies

Each will highlight various aspects of the search for partners

Mistakes

Successes

More detail about the process in presentation 2

# Mini Cases Studies of Do's and Don't s

USA Logistics company seeking in Poland

2006 - poor results

2007 - great response

Timing, Skill and Knowledge

# Mini Cases Studies continued

Manufacturer of machinery for paper mills

2007

USA ⇒ Poland difficult process. WHY?

Flaw in process - authority vs. information cultural question  
of empowerment

Practical issue - on-site, personal connections

# Mini Cases Studies continued

Manufacturer and reseller of military / police equipment

2006 - trade fair end-users, reps

2007 - trade mission, public end-users

USA ⇒ Poland getting meetings with the military

Pluses and minuses of authority

Raising awareness

Patience

# Mini Cases Studies continued

Manufacturer of computer forensics equipment

2006 - distance search for market partners

2007 - visit of pre-selected targets

USA ⇒ Poland partnering with Polish computer forensics companies

Fear of competition

Homework done before visit (identification, interview)

Market access

Proprietary issues

# Mini Cases Studies continued

Manufacturer of water distribution access security  
equipment

2006 - research and interview - identify and target end-  
users

UK ⇒ USA should be a promising market / limit  
geographical search?

Public / private realm, legal regulations

National Security - FBI !

# Workshop 1

Looking for clues in our own experiences

- Each participant will draw up two examples of partner search experiences - a positive search experience and a negative search experience
- Random groups of twos - the moderator will pass a hat around with marked papers. Each odd number A will pair with the even number B just above. Thus 1A will pair with 2B, 3A with 4B, etc.
- Each pair (A and B) will sit next to each other. They will both listen and share their positive and negative experiences with their fellow participant. They will try to provide constructive criticism to their fellow participant's negative experience.
- General Discussion

# IDENTIFYING FOREIGN STRATEGIC PARTNERS INTRODUCTION Zagreb 2007



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# Moderator

Chris O'Neill

President of [GCOconsulting.com](http://GCOconsulting.com)

- Extensive experience in assisting companies in developing export and entering new markets (over 100 projects)
- Worked with Enterprise Ireland, the Welsh Development Agency, the Virginia Economic Development Partnership and USAID
- American that has spent 20 years in Europe



Nathan Associates has co-organized this seminar

# IDENTIFYING FOREIGN STRATEGIC PARTNERS

PROCESS

- HOW WE SEARCH

PERSONNEL

- WHO WE USE TO SEARCH

STRUCTURE / AUTHORITY

- DO WE HAVE THE SUPPORT WE NEED?

SUBSTANCE

- DO WE HAVE SOMETHING TO OFFER?

# Structure of Today's Seminar

## Three Presentations / Three Workshops

Strategic Partners - Who and How? Mini case studies of what to do and what not to do during the search for partners

Workshop

Identifying and Co-opting Strategic Foreign Partners - a look at the process

Workshop

Cultivating Strategic Partner Relationships - a close look at personnel - examples

Workshop

# Special Exercise

This will be an ongoing exercise that will begin now and will not end until the end of the training today.

Selected persons will have chips in their pockets. During breaks and lunch you will have the opportunity to approach them and ask for chips. The person that has the most chips at the end of the training will be the winner

Rules : You can say and do anything except:

- 1) touch
- 2) abuse
- 3) blackmail

the persons with the chips