

One Profession, Many Faces:

Demystifying Alliance Management



By David S. Thompson and Steven E. Twait



It's one of the most common questions posed in the course of casual conversation: What do you do for a living? You've probably noticed that a slight tilt of head and a quizzical look greet your answer.

Although "I'm an alliance manager" seems a straightforward response to a typical question, it's not. Variations in roles, responsibilities, and titles across industries and geographies, and even within companies, give rise to natural questions about the career we call alliance management.

Over the years, our experience within pharma and across other industries has led us to identify six distinct styles of alliance management:

- Salesman
- Ombudsman
- Line manager
- Business development manager
- Strategic vendor manager
- Coalition manager

Each style emphasizes a unique approach tailored to uphold specific corporate values. We believe it's beneficial to understand the advantages and disadvantages of your own style as well as the alliance management style practiced by your partners. This knowledge enables you to be objective about incentives on both sides of the alliance and to make conscious decisions that balance the interests of your company with those of your partner. By formally defining different styles of alliance management, clarifying your value proposition via metrics, and, over time, adopting a consistent language describing your role, you can help solidify alliance management as a role companies can't live without.

Six Approaches – What's Your Type?

Each of the six basic styles of alliance management meets a particular set of organizational needs and addresses a unique set of challenges and benefits. We have seen many styles at work within the same organization, often with little coordination between different groups. Some alliance managers incorporate two or more of the six styles into their M.O.

The Sales Manager

Approach: This alliance manager views partners as a source of future sales. He or she strives to ensure that whatever contract is in place is working as it should and that the customer-partner is satisfied with the service or product.

Examples: The sales-type alliance manager generally works within a firm that provides an important, strategic service to other companies, such as a clinical research organization, engineering design firm, financial services firm, or IT systems integrator.

Metrics: The sales-type alliance manager's key metrics typically include sales revenue and customer satisfaction targets.

Advantages: This alliance manager develops strong relationships within the customer-partner company, providing insights into products and services that might be of value to their partner in the future. He or she also offers a one-stop shop for resolving issues.

Possible Downsides: The phrase "the customer is always right" may be used frequently. However, the customer isn't always right. If the alliance manager follows the sales mantra too closely and allows sales performance concerns to dominate, the partner company may view the alliance manager as a salesman with an unusual title.

The Ombudsman

Approach: This alliance manager views all partners in an alliance as clients. Ombudsman alliance managers believe it is their responsibility to assist in achieving an alliance's stated goals and objectives.

Examples: This role is similar in many ways to a professional arbitrator. Practitioners

manage commercial and development alliances in large pharma companies and consumer advocacy groups.

Metrics: The ombudsman alliance manager may have difficulties defining quantitative and qualitative metrics. If metrics aren't developed in a

timely fashion, the ombudsman alliance manager may have resources cut during times of company scarcity. It is possible, however, to develop metrics surrounding risk reduction and cost savings that are realized as a direct result of efforts to resolve or prevent significant alliance problems.

Advantages: From a point of relative neutrality, the alliance manager may be able to develop strong relationships with the partner-client that can yield

insights into how to resolve issues affecting the alliance. Like the sales alliance manager, the ombudsman alliance manager offers a partner-client a one-stop shop for resolving issues that affect an alliance.

Possible Downsides: The alliance manager who takes on this role can be viewed as an outsider within the parent company. Acquiring talent to implement this style can be challenging as well given the necessary experience level and willingness to openly challenge your own company's practices.

The Line Manager

Approach: This alliance manager runs the day-to-day business and is also accountable for playing the role of alliance manager.

Examples: The line alliance manager exists at near-

ly every company that has alliance products in its portfolio. In alliances that span an entire nation or a larger geographic area, this person could be the general manager or product manager in a country or a district sales manager in a traditional sales force.

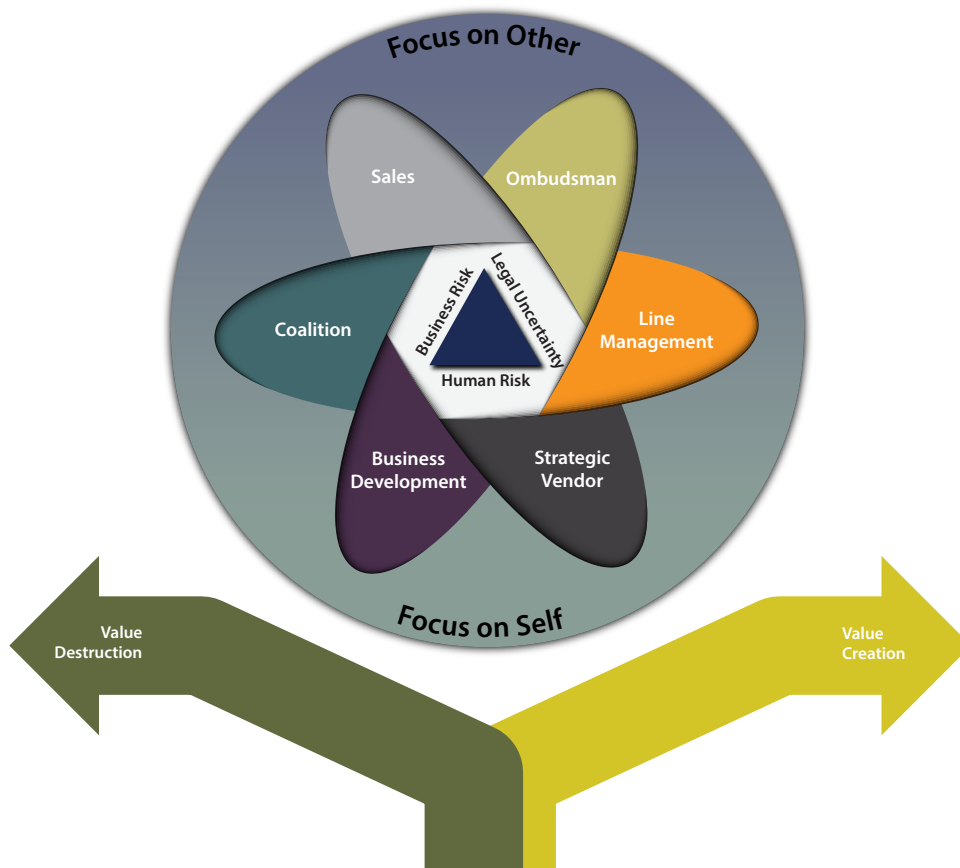
Common Characteristics, Challenges

All good practitioners of alliance management share a mutual interest in maximizing alliance value, minimizing alliance risk, and balancing self-interest with partner altruism. Fortunately, the cross-functional skills required and tools used to achieve these goals are common to many industries, geographies, and styles of alliance management. These include:

- Structured listening
- Alliance start-up
- Governance design/execution
- Alliance wind-down/termination
- Alliance objective setting/alignment
- Roles and responsibilities
- Information sharing guidelines
- Alliance on-boarding
- Health checks
- Conflict resolution
- Crisis management
- Communications planning
- Team dynamics assessment/improvement

The alliance manager's type and perspective informs the way he or she handles each task. This results in different, and sometimes very interesting, approaches and outcomes.

Six Types of Alliance Managers



Metrics: This manager's metrics are usually related to product development milestones, sales revenue, or profit and loss.

Advantages: The advantage of this role is efficiency. This alliance manager is likely to have the greatest depth of understanding regarding the business fundamentals associated with the alliance.

Possible Downsides: On the other hand, it is likely that this alliance manager may have difficulty balancing the dual roles. The urgency of day-to-day operations can overwhelm the role of alliance manager. If an imbalance of focus is allowed to continue, the role and value of alliance management may be lost.

The Business Development Manager

Approach: This type of alliance manager views his or her work as a continuation of the deal negotiation process, during which relationships were developed that in turn can be leveraged to resolve

problems. Each manager must strike a balance between the urgency of doing a deal and the ongoing issues of an alliance.

Examples: The business development alliance manager typically works in a smaller organization or in an academic setting, where individuals are often asked to wear several hats.

Metrics: This alliance manager's metrics are usually weighted toward the business development activities contained in his or her job description.

Advantages: No one will be as familiar with the contract and the spirit of negotiations as the business development alliance manager. If the potential exists to negotiate new deals between the two companies, the business development alliance manager is best suited for the task.

Possible Downsides: Should imbalances arise, or if the win-lose nature of business development activities spills

into the alliance management tasks, the partner may view the alliance manager as a corporate negotiator.

The Strategic Vendor Manager

Approach: This alliance manager views client services as a way to manage large strategic vendors whose products and services have a strong influence on the value chain of the company that the alliance manager represents. A likely key to success for this alliance manager is striking a balance between the organizational costs of managing strategic vendors and the cost of owning the entire process.

Examples: Large pharma companies that outsource key functions such as toxicology, clinical research, and manufacturing often have an alliance manager of this type. High-tech industries that outsource key functions such as manufacturing, service, and reselling may also have personnel who fulfill this role.

Metrics: The strategic vendor alliance manager's metrics are tied to audits or monitoring activities designed to ensure the strategic vendor partner is living up to their end of the contract.

Advantages: This type of alliance manager needs to focus on the services or products being provided by the strategic vendor, and on creating a clear contract that specifies those deliverables. A successful

strategic vendor alliance manager is someone with a deep understanding of the fundamental business.

Possible Downsides: If balance is lost or quality suffers, financial pressures may drive the outsourced products and services back into the originating organization. Ironically, these alliance managers often must represent and defend the strategic vendor when behaviors or activities of the manager's company negatively affect the outcome of a strategic vendor's efforts. Metrics for this alliance manager also may make it challenging to balance partner and company perspectives.

The Coalition Manager

Approach: This alliance manager is responsible for aligning the interests of a group of companies or people that have come together for a common purpose. Achieving a balance between what is desired from each member, weighted by each member's contributions to the coalition and what is deemed best for the organization's greater good, is the coalition alliance manager's focus.

Examples: Leaders of professional trade organizations, unions, affinity groups, certain financial organizations, and political parties typically manage multi-party or multi-sector coalitions.

Metrics: The coalition alliance manager's metrics typically relate to the satisfaction of the

Unique Skills/Tools For Each of the Six Styles of Alliance Management

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Alliance Manager as Salesman <ol style="list-style-type: none"> a. Selling Techniques b. Relationship Management c. Customer Insights Gathering Techniques 2. Alliance Manager as Ombudsman <ol style="list-style-type: none"> a. Arbitration Techniques b. Conflict/Dispute Resolution c. Decision Analysis and Framing Techniques 3. Alliance Manager as Line Manager <ol style="list-style-type: none"> a. Leading High Performing Teams Techniques | <ol style="list-style-type: none"> b. Project Management GANT Charts c. Financial Reporting Data 4. Alliance Manager as Business Development Manager <ol style="list-style-type: none"> a. Negotiation Techniques b. Contracting Best Practices 5. Alliance Manager as Strategic Vendor Manager <ol style="list-style-type: none"> a. Alliance "Scorecarding" b. Auditing Best Practices 6. Alliance Manager as Coalition Manager <ol style="list-style-type: none"> a. Balancing Multiple-Party Interests b. Influence Mapping |
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members of his or her organization and organizational growth.

Advantages: If a manager is able to harness all constituents' interests, this role can be very influential in managing change and advancing a particular cause.

Possible Downsides: Finding and maintaining a small but well-trained staff is a constant concern for this alliance manager.

Striking the Right Balance

Whatever type of alliance manager you are, chances are you struggle to find an appropriate balance between representing the interests of your

organization and the interests of your alliance partners. Spend too much energy fighting for your partner's interests and not enough on your own company's goals, and you'll hear concerns from co-workers. Reverse that focus and spend too much time on your own company's interests at the expense of your partner's, and your motivations may be continually questioned. If you "choose not to choose" and bury your head in the sand, you will satisfy no one and may find yourself looking for a new job.

The metrics and incentives built in to each type of alliance management style nudge you either closer to or further away from your partner's interests. Ideally, you will be able to find the right balance.

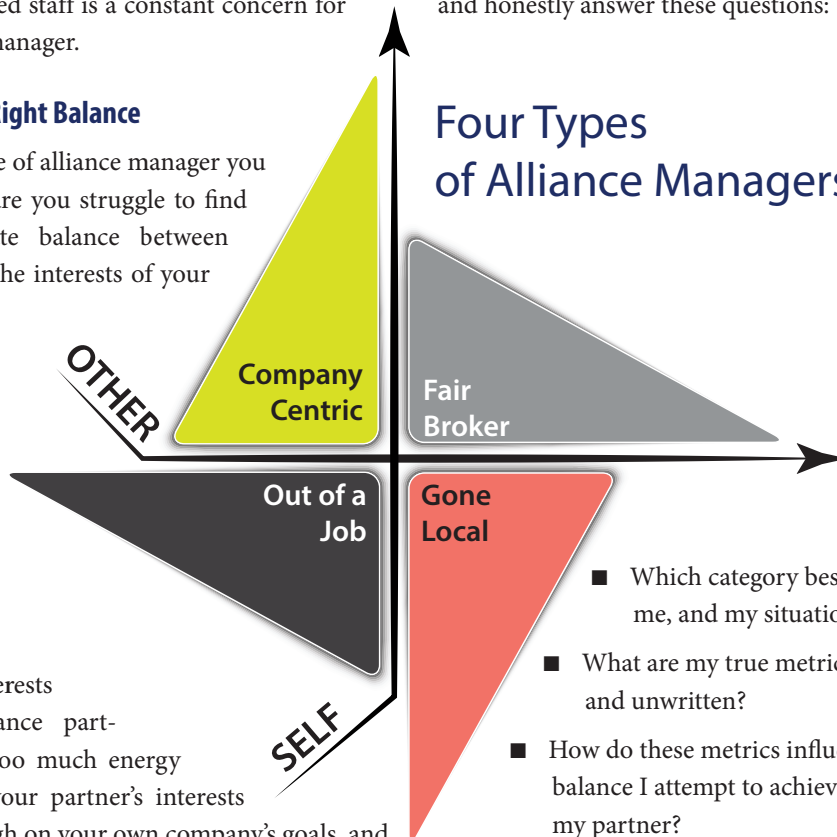
Know—and Improve—Yourself

The benefits of understanding the various types of alliance management are two-fold:

1. You can better understand the approach and anticipate the actions of the alliance manager on the other side of the table, and
2. You can gain greater insight into your own strengths and weaknesses, with the goal of improving your performance.

We recommend that you take time to reflect upon and honestly answer these questions:

Four Types of Alliance Managers



- Which category best describes me, and my situation?
- What are my true metrics—written and unwritten?
- How do these metrics influence the balance I attempt to achieve with my partner?
- Which tools do I most commonly use to further the goals of the alliance?
- What do I want to change or improve?
- What are the obstacles to this change, and how do I plan to overcome these obstacles?
- What are the boundaries that relate to my position?
- Are these boundaries real or imagined?
- Where do I believe the boundaries should be placed?
- What can I do on my own, and what do I need help with?

The process of answering these questions will help you develop as an alliance manager, which in turn will enable you to manage a more productive, balanced alliance.

The next time you meet an industry colleague, ask them which style of alliance management they practice. This conversation will help you understand what they do, how they are measured, and how you can best learn from one another. By sharing our knowledge, we can educate others—in-

cluding our fellow practitioners—and continue to remove the mystery that surrounds the great profession that is alliance management. ■

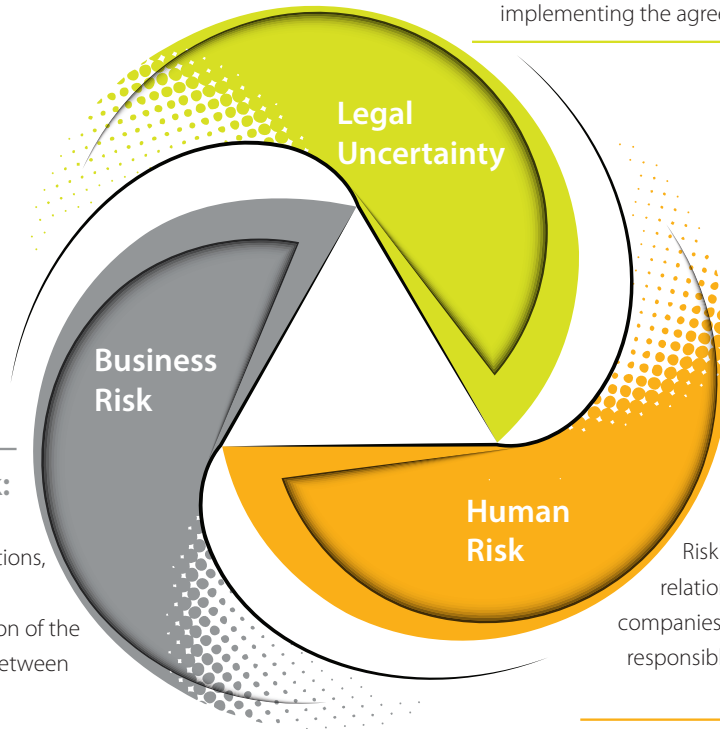
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Managing 3 Types of Risk

Legal Uncertainties:

Uncertainty associated with the legal requirements and obligations from a governmental, industry or company practice perspective on each or between the companies involved in the Alliance, including suppliers and individuals responsible for implementing the agreement.



Business Risk:

Risk associated with the business obligations, value expected and operational execution of the contractual terms between the companies.

Human Risk:

Risk associated with the relationships between the companies and the individuals responsible for implementing the agreement.