



PARTNER OR PERISH!

Winning in today's competitive environment

The Tom Sawyer School of Business

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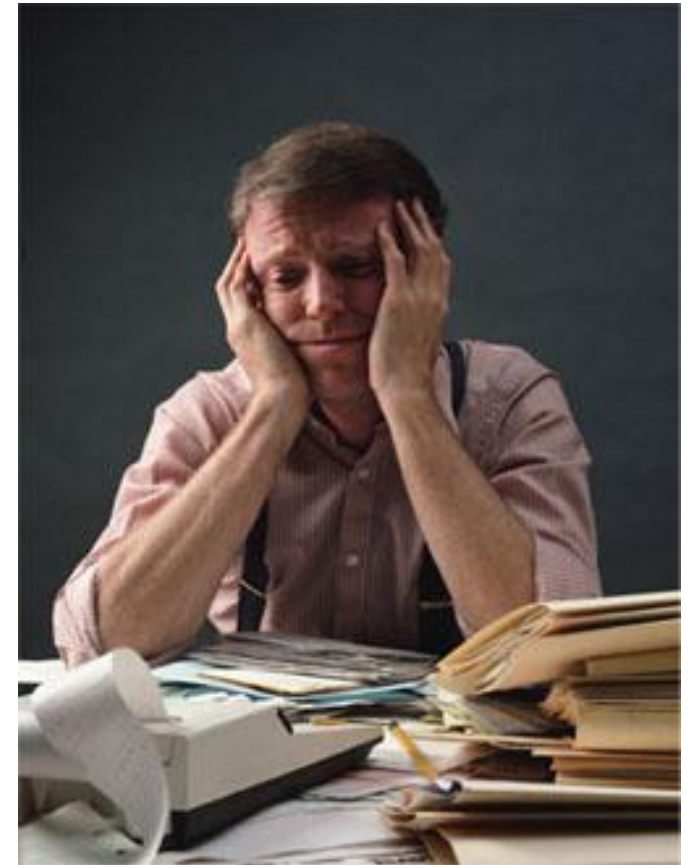
OVERVIEW

- Strategic Alliances
- Your Strategic Objectives
- Strategic Alliance Inventory and Opportunity Audit
- Converting From Theory To Application



Surviving Today's Competitive Market

- Brutal competitions
- Disloyal market
- Commoditization of products and services
- Multiple options and alternative to fill a given need
- Fear, Apprehension, Uncertainty
- Few trusted advisors





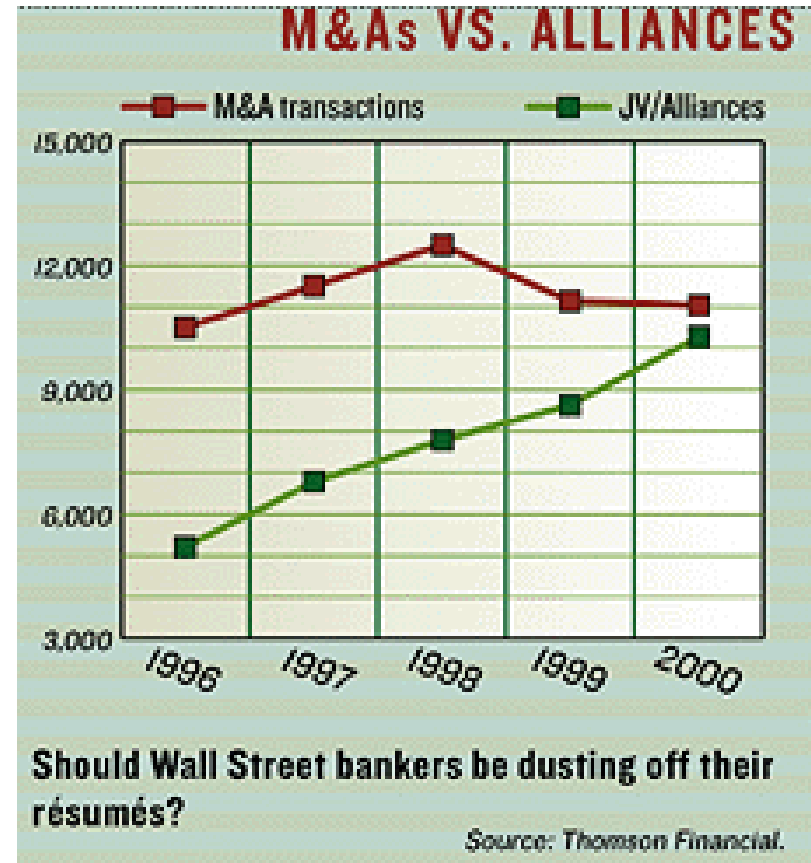
What is a Strategic Alliance

- Strategic alliances are nothing more than old fashion partnering with a strategic twist.
- Means to dramatically expand and enhance your ability generate markets / business / clients- customers / image / posture / profitability all with minimal spenditure of time effort / expense / manpower / risk.
- Opportunities are limitless. Only limited to your inventiveness your ability to look inside and out.



Mergers Vs Strategic Alliances

- Mergers and Acquisitions aren't the only way to go. Strategic alliances are nothing more than old fashion partnering with a strategic twist.
- Mergers have slightly increased over 5 years while Strategic Alliances have doubled.
- 1996 – 1999 companies with \$2 billion in revenue or more formed an average of 138 alliances – Forbes 3/21/2001.





Strategic Alliances Growth

- The number of alliances is growing by 20% a year with 10,000 new alliances being reported in the last 12 months alone
- More than 20% of the revenue generated from the top 2000 U.S. and European companies now come from alliances
- Enterprise.com survey
 - 49% Businesses Reports More Worth
 - 21% Higher Revenues
 - 38% Increased Productivity
- 90% of corporate executives surveyed felt a Strategic Alliance or Joint Venture with another company was absolutely essential to maintain a competitive edge



Why the growth?

- Strategic Alliances can be a partnership in which you combine efforts in anything from getting a better price for goods, by buying in bulk together, to seeking business together with each company providing part of the package.
- Alliance represent an essential strategy for achieving top-line growth, higher profitability and enhanced business franchise.
- Numerous benefits for everyone involved.



9 Major Benefits of Strategic Alliances

1. Achieve advantages of scale, scope or speed
2. Increase market penetration
3. Enhance competitiveness in local, national, or international markets
4. Enhance product development
5. Develop new business opportunities through new products and services
6. Expand market development
7. Diversity
8. Create new businesses
9. Reduce costs



43 Additional Success Factors

1. Easily established
2. Augment selling effort
3. Increase sales and profitability
4. Lower barrier of entry
5. Enhance your image, stature, posture
6. Expand customer client base
7. Boost market presence
8. Provide added value to customers
9. Contribute substantially to perceived customer benefits
10. Enter emerging markets
11. Expand your horizons
12. Speed access to a wide varieties of new markets
13. Expand beyond geographic boundaries
14. Gain foothold in international marketplace
15. Control other peoples markets
16. Gain a competitive advantage
17. Rapidly overpower the competition
18. Joint marketing
19. Joint selling or distribution
20. Design collaboration
21. Quicker to create/form
22. More flexible to operate
23. Less risky
24. Requires less cash
25. Technology license



43 Additional Success Factors

26. Research and development
27. Enhance R&D capabilities
28. Access knowledge and expertise beyond company borders
29. Strengthen reputation in industry as result of association
30. Extend product offerings
31. Widen your scope of innovation
32. Establish unique position in market
33. Secure position as front runner in marketplace
34. Provide marketing / selling
35. Easily establish purchasing / supply relationships
36. Set up instant distribution networks
36. Capitalize on hidden assets
37. Earn higher ROI's and ROE's on alliances than from your core/main business
38. Difficult for your competitors to imitate or emulate
39. Remain focused on your core opportunity
40. Outsourcing non core competencies
41. Lets you maximize / stretch your management and technical / operational resources
42. Reduce overhead through shared costs and outsourcing
43. Manufacture / fulfill cost effectively



Corporate Successful Alliances

- Allstate / Sears
- Amex / Mailer inserts
- University Clothes / Macy's
Boutique Equity – new
business
- Old Bernard / Buruch / Rothschild
/ Rockefeller Story
- Liquid Audio – 20 Alliances





Types of Alliances

- Joint Ventures
- Co-Branding
- Host - Beneficiary
- Equity Partnerships
- Endorsements
- Flipped Business Opportunities
- Acquired Assets
- Acquired Distribution Networks
- Acquired Leads
- License or Acquired Licensee
- Core Competency Consulting
- Reclamation
- Sales Force
- New Products/Markets
- eBusiness



Joint Ventures / Co-branding

Joint venturing allows the best of all possibilities. You can easily repackage or create new businesses together with each company providing part of the package.

- Mini Marts with McDonalds, Pizza Huts, Subways, etc.
- Banks in groceries





Co-branding

Co-branding allows two companies come together to use both brands to put behind products.

- Coke and Proctor & Gamble create spin off to market non-carbonated drinks and Pringles products.
 - P&G gets access to Cokes 16,000 markets. They both share in the profits.





Host - Beneficiary

- Host
 - Jeff Bezos (Taco Bell)
 - Scenarios
 - Key elements
- Beneficiary
- Leverage assets are not yours
- Accounting practice broker
- IRS program Nevada Company Corporation
- Gas utility pipeline, TV with Helicopter service
- Custom computer maker creates joint venture with custom software
- Speakers selling products / services at tradeshow



Equity Partnerships

Equity in deal

Equity in client

Equity in brand

Equity in distribution channel

Equity in buyers and prospects

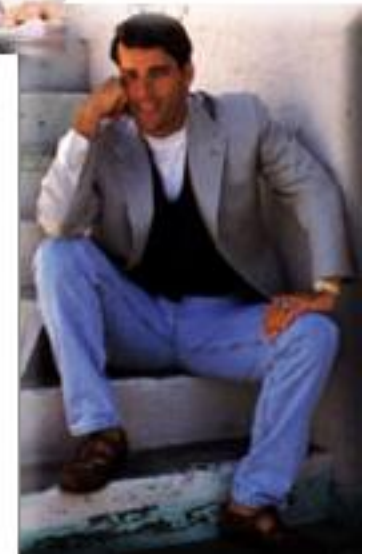
Equity in marketing material

Equity in process and intellectual property



Endorsements

- Seminar company getting attendee endorsements
- Association uses local paper for distribution of charity fund and get multiple write-ups and endorsements
- My seminar business - Tony Robbins, Success, newsletters, trainers
- William Simmons Home
- A.R.P - Colonial Penn
- John Ritter - Where there is a will there is an “A”
- Tom Bosley - Agora
- Fran Tarkenton - Tony Robbins
- Magazine subscriptions / Schools





Reinventing Business Opportunities

- **Brand / actual products / services / proprietary products / lists / research / sales force / too much capacity / facilities/ processes**
- **Mastermind/Brain Trust**
- **Profiteering**
- **Financing**
 1. **Promotions**
 2. **Sales force**
 3. **Ads**
 4. **Markets**
 5. **Product Lines**

Distressed Properties

- **Jobs**
- **Lists**
- **Space**
- **Production**
- **Talent**
- **Distribution**
- **Delivery**
- **Capacity**
- **Facilities**
- **Technology (Doug McMillian)**
- **Procedures**
- **Intellectual Capital**



Acquiring

Acquire Distribution Networks

- Sales Force
- Retail Stores
- Kiosks
- Signage
- Leases
- Licenses
- Display Window
- Inserts
- Polywrap
- Bind in
- Blow in

Assets

- Lease
- Purchase
- Option

Acquire Leads

- Unconverted Prospects
- Inactive Clients



License or Acquired Licensee

Acquire or Render Expertise

- 1) Marketing
- 2) Sales
- 3) Management
- 4) Cash Flow
- 5) Organization
- 6) Performance Enhancement
- 7) Information Technology
- 8) Advisory Board





License or Acquired Licensee

Two Way

- 1) Brand Name
- 2) Technology /Methodology
- 3) Promotion / Marketing Expert Systems
- 4) Products / Services - Private Label
- 5) Processes
- 6) Image / Design / Facsimile
- 7) Territory / Market / Industry



Core Competency Consulting

Attracting or rendering world class expertise on a performance compensation basis.

- Core
- Critical
- Dual
- Many different ways to structure



Reclamation

- Recapture sunk costs, time, effort, expert system, learning curve, i.e., ads, processes, technology, methodology, systems, market intelligence – auto ads
- Dunn & Bradstreet credit reporting business created a database asset



New Products/Markets

One of the BEST ways to rapid growth is to open / develop / create new products or markets

- Take over, re-purpose, package together other company's product and / or services
- Acquire Sales Distribution
- Re-purpose your produces to new markets
- Identify players in new markets you can joint venture / partner with



Sales Force



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eBusiness

Who has the internet / e-mail expertise, affiliate software, infrastructure, e-mail lists, IT staff, equipment, data software, etc., you need or want access to?





What Are Your Strategic Objectives?

- Start with the big picture. What are the key components necessary to drive it?
- Where are they going to come from, why is it necessary, and what are your alternatives and options?
- Vastly expand markets, products/services, distribution, sales representation, cost-effective impact.
- Gain valuable or strategic assets, access, resources or talent.
- Acquire or access the good will, trust, credibility of older, larger more respected entity, organization, publication, selling force or individual.
- Gain more upside leverage.
- More optimally deploy someone else's assets.
- Find opportunity in someone else's adversity.
- Leverage off something valuable someone else invested, tens, hundreds of thousands, millions or even tens of millions to create, acquire or develop.



How Powerful Is Ones Brand?

- The more powerful your brand the more profitable the strategic alliance.
- What else can you do with your brand?
- Who else's brand can you deploy or ethically exploit?
- How many different ways can you do it?
- This goes both ways.
- Disney / McDonalds.

The FedEx logo, featuring the word "FedEx" in a purple and grey sans-serif font, with a registered trademark symbol.The Sony logo, consisting of the word "SONY" in a white, bold, sans-serif font centered within a dark blue rectangular background.The Disney.com logo, with "Disney.com" in a yellow, stylized font on a dark blue background.



Implementing Alliances and Acquisitions (Inventory and Opportunity Audit)

What do you possess?

- Products / services
- Distribution channels
- Sales personnel
- Sales methodology
- Technology (software/hardware systems)
- Other productive processes/methodology
- Facilities & equipment
- Underutilization
- Intellectual property / Technical abilities
- Brand
 1. Good will / Trust with specific groups / markets / media
 2. Core competencies
 3. Affinity





Expanding Your Growth Possibilities

- Who are the people / businesses I want to reach?
- What other products, services and options do people typically purchase prior to buying or using your type product / service?
 - Who provides those product / services?
- What products / services, etc., do people typically need and / or acquire along with or in order to optimally use your product or service?
 - Who provides those product / services?
- What events, activities or changes typically occur to cause someone to want or need your various products / services?
- What other products / services does the key decision maker I am targeting also buy?
 - Who provides those product / services?
- What assets do I need that I do not have?



Expanding Your Growth Possibilities

- What periodicals /advisory materials are used by the market I want to reach?
 - Who provides those product / services?
- What problem or opportunity does your product / service solve for your prospect / client?
- What other type of business, organization, profession etc., has more to gain than even you do by seeing you either acquire a client, or sell a specific product, service or combination? And why?
- What other market or industry could use / benefit from my product, selling system or methodologies?
- What is the MNW of my client / prospect worth to someone else?
- What are your highest margin products or services?
- What are your highest repeat purchase products or services?



Expanding Your Growth Possibilities

- What logical products can be created by you, acquired by you, can be adapted / adopted?
- What markets could your products or services also apply or translate to?
- What related fields could you penetrate?
- What parallel universes are most similar to yours?
- What other business markets, products or services have you been thinking about?
- Look for additional alliances, markets:
 - Take on their products or services
 - Provide services, functions
 - Share personnel facilities
 - Sell equity or buy equity
 - Develop referral/alliance feeder program



Finding The Correct Partner

Who else (generic type entities & individuals) has direct access to the markets, influences, individuals, companies, media, distribution channels, prospects, research & data, technology or methodology you want or need?

Generic Type of Business - Point of Access / Influence - Decision-Maker They Reach

- Strengths and weaknesses of target organizations, prime assets, attitude, key important point of impact / interest (i.e., money), purpose, reclamation
- The best partner will have what you don't have – strong where you are weak, etc.
- Match your companies capabilities with people who share your objectives
- Look for companies to partner with who are one step ahead of their competitors.
- Large companies can make good partners.



Finding The Correct Partner

- Who has a sales force I can tap into?
- Who sells to the same demographic profile I want to reach?
- Who has the trust, respect, and good will with my prospective market?
- Who has authored a book that's respected in my field?
 - Who is not a direct competitor?
- Why, when and how should an alliance with suppliers be considered?



Competitor Partnerships

Fully 50% of alliances today are between competitors

- Coke and Pringles – distribution in specific markets
- Ford and Nissan – mini van design and manufacturing
- Phillips and Sony – optical discs
- HP and Cannon – laser printer markets

What could competitors offer to your market that you can't?

Who are the industry gurus my market follows?

Who are weaker but quality competitors?

List your possible risks / partial fears

Explicit

Implicit

How you actually verbally, transactionally relieve / mitigate them?



OPTIMIZATION

How many other ways can you help other people optimize their sales, reclamation, utilization, service, value, etc.?



3 Ways to Exponentially Grow Your Business



THE POWER PARTHENON STRATEGY of Geometric Business Growth



3 Ways to Exponentially Grow Your Business

Revenue

Direct Sales

Most businesses continuously rely on one marketing approach to grow and sustain their business...

(The Diving Board Philosophy)



3 Ways to Exponentially Grow Your Business

Revenue

Direct Sales

What happens when that one approach becomes less effective? Your business stream diminishes and you begin to lose market share.



3 Ways to Exponentially Grow Your Business

Revenue

Direct Sales

Joint Ventures

All it takes is

ONE

BIG

IDEA

Which one will you pick for this?!

What would happen to the stability of your business as you begin the process of formalizing your marketing profit centers?



3 Ways to Exponentially Grow Your Business

Revenue

Host-Beneficiary
Relationships

Endorsements

Advertising

Direct Mail

Joint Ventures

Referral Systems

Telemarketing

Direct Sales

Developing a
Back End

What would happen to your revenue level and profitability if you combined a wide array of marketing approaches?
(The Parthenon Philosophy)



3 Ways to Exponentially Grow Your Business

Revenue

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List the marketing pillars that your business is currently utilizing.



3 Ways to Exponentially Grow Your Business

There are three ways to grow a business...any business.

ONLY THREE WAYS

1. Increase the number of customers (clients)
2. Increase the average transaction value
3. Increase the frequency of repurchase
 - Get more residual value out of each customer



OPTIMIZATION

Increase the # of Customers		Increase the Average Dollars per Sale		Increase the Repurchase Frequency		Total
1000	*	100	*	2	=	\$200,000

To appreciate for yourself, first-hand, exactly how and why I can grow so many different businesses and practices, so fast, so big and profitable—with so little effort, time or expense, study these three pages.



OPTIMIZATION

Increase the # of Customers		Increase the Average Dollars per Sale		Increase the Repurchase Frequency		Total
1000	*	100	*	2	=	\$200,000
10% Increase		10% Increase		10% Increase		33% Increase
1100	*	110	*	2.2	=	\$266,200

A 10% increase in each of the three areas equals a 33% increase in revenue.



OPTIMIZATION

Increase the # of Customers		Increase the Average Dollars per Sale		Increase the Repurchase Frequency		Total
1,000	*	100	*	2	=	\$200,000
10% Increase		10% Increase		10% Increase		33% Increase
1,100	*	110	*	2.2	=	\$266,200
33% Increase						
1,333	*	125	*	3	=	\$499,875

Look what happens now. The results are exponential.

This illustration dramatizes the power of true geometry being harnessed for your business.

Isn't this smarter than the strategy you're presently following?



To Grow Your Customer Base Focus On:

Increasing your lead generation through:

- Referral systems
- Acquiring customers at breakeven up front and make a profit on the back end
- Increasing the perceived value of your product/service through better customer education
- Running special events or information nights
- Guaranteeing purchases through risk reversal
- Develop a Unique Selling Proposition
- Host-beneficiary relationships
- Advertising
- Using direct mail
- Using telemarketing
- Acquiring qualified lists
- Using public relations

This and the next 4 pages show you 30 totally proven, frequently unrecognized, and almost totally underutilized ways to grow your business.

Do you see how many exciting and powerful options and opportunities you have available to you—right under your nose?!



To Grow Your Customer Base Focus On:

Increasing your customer retention rate by:

- Delivering higher-than-expected levels of service
- Communicating frequently with your customers to nurture them

Increasing your conversion from inquiry to sale by:

- Increasing sales skills levels of your staff
- Acquiring customers at breakeven up front and make a profit on the back end
- Guaranteeing purchases through risk reversal
- Host-beneficiary relationships
- Advertising



To Increase the Average Transaction Value Focus On:

- Improving your teams' selling techniques to up-sell and cross-sell
- Using point-of-sale promotions
- Packaging complementary products and services together
- Increasing your pricing and hence your margins
- Changing the profile of your products or services to be more “up market”
- Offering greater / larger units of purchase



To Increase Transaction Frequency Focus On:

- Developing a back end of products that you can go back to your customers with
- Communicating personally with your customers (by telephone, letter) to maintain a positive relationship
- Endorsing other people's products to your list
- Running special events such as “closed door sales,” limited pre-release and so on
- Programming customers
- Price inducements for frequency



OPTIMIZATION

# of Customers		Increase the Average Dollars per Sale		Increase the Repurchase Frequency		Total
1000	*	100	*	2	=	\$200,000

Fill in the current numbers for your own business:

<input type="text"/>	*	<input type="text"/>	*	<input type="text"/>	=	<input type="text"/>
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OPTIMIZATION

# of Customers		Average Dollars per Sale		Repurchase Frequency	=	Total
1,000	*	100	*	2	=	\$200,000

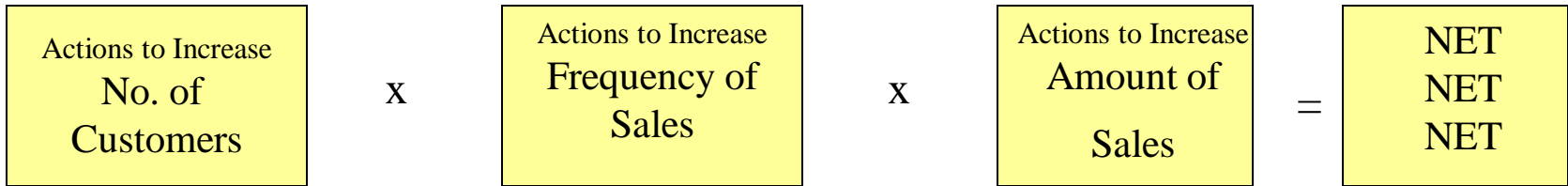
Fill in the current numbers for your own business:

<input type="text"/>	*	<input type="text"/>	*	<input type="text"/>	=	<input type="text"/>
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Fill in the numbers that you project for your business after applying Jay's methods:

<input type="text"/>	*	<input type="text"/>	*	<input type="text"/>	=	<input type="text"/>
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Profit / Leverage Consolidation Worksheet



Strategy	Percent / Dollars					
Total		Total		Total		NET TOTAL
Percent / Dollars		Percent / Dollars		Percent / Dollars		Percent / Dollars
	X		X		=	



Making The Successful Deal

An alliance is rarely a perfect match made in heaven

Thoroughly analyze your options

- Where / what the real leverage is in every deal
- What do you expect to gain from the alliance deal

Don't try to structure a deal instead architect a successful business

All deals must be structured fairly



Converting From Theory To Application

1. Taking your generic lists and making them specific and personalized
 - List of all viable companies / individuals in the field who could become strategic partners
 - Contact info
 - List of key decision-makers
 - List of product services they offer
 - Printout from their web site
 - Create Database (Outlook)



Converting From Theory To Application

2. Contact

- How to present your proposition.
 - Host
 - Beneficiary
 - Using preemptive presentation
- Phone contact-rules to follow.
- Pre-contacting by letter. What you need to do.
- Identifying in advance probable objections, resistance points you'll encounter. Preparing in advance your response to possible objections.
 - “How do I know it's not going to take away my clients?”
 - “I want control. I don't like you having control of my clients.”
 - “How do I know I'll get paid?”
 - “It's not the business we are in.”



Converting From Theory To Application

3. Traps To Avoid

- Failing to take the time to select the right partner(s)
- Failing to plan for flexibility and change
- Failing to agree on objectives and goals
- Failing to plan properly for integrated growth requirements

Host

- Keep Flexible (non exclusive agreements)
- Optimize and leverage the split
- Make sure you profit from the beneficiary - ROI

Beneficiary

- Conservative
- Honest
- Automatic renewal and exclusive agreements
 - Provisional agreements



Converting From Theory To Application

Closing The Deal

- Being Strategic
- Understanding the psychology from both sides
 - How do and should you look at Joint Ventures, Alliances, Endorsements?
 - How should you look at people committed to you to do the deal?
- Taking away the risk for both sides
 - Incremental gains
 - Margin net worth factor
 - Strategic advantage
 - Preemptive opportunities
 - Perception advantage



Converting From Theory To Application

Crafting an agreement - Look before you leap

Things To Think About

- Terms, duration, mutual performance expectations
- Non-corporate / corporate (depends on who's doing what)
- Residual stream after deal ends
- Termination - value; does it dissipate / remain
- Buy / Sell
- Who owns what - Assets, Accounts, Prospects, Brand, I.P. ?



Converting From Theory To Application

Making the deal work

- Be inventive
- Keep your eye on the prize, don't lose track of the end result
 - 100k - 90k = 10k in profit
- Tie up right / control – manage other JV/SA activities
- The alliance must be embraced from the top down
- When you and your alliance partners view the alliance as having strong strategic value the alliance has triple success rate
- Before the alliance begins, communicate effectively about the respective roles, expectations, capabilities, and performance functions
- Only 2-4 wisely chosen alliances can yield 50-100% increase!



Converting From Theory To Application

Turning the one time deal into an ongoing revenue source

- Program the relationship for perpetual ongoing regular offerings through preempting the channel
- Create ongoing streams of revenue
- Monitoring and measuring results



Anatomy Of Deals I Have Done



Questions and Answers

Q & A

- Yours
- Mine
- Your Prospective Deal Partners



WORKSHOPS

- Go through scenarios
- Formulating exercise
- Make generic lists of target prospects and alliances
- Bring down to specific names and products / services
- Connect up with defined strategic objective
- Reverse engineer
- Formalized action plan template



20 Mind Expanders

1. Rent / Lease / Sell Joint Venture Dirigibles / Blimps.
2. Teach companies how to sell on performance.
3. Generate leads / inquiries for other companies.
4. Fund the mark down bandit. Short-term point of purchase promotions.
5. Funding infomercials for local merchants, professionals or businesses.
6. Buying assets from marginal / struggling / distressed companies.



20 Mind Expanders

7. Buy phone numbers / customer / prospect lists from bankrupt / going out of business companies.
8. Reactivating / re-purposing inactive customers.
9. Build anybody's business by funding and offering free trials, i.e., custom car wash.
10. Paying for consultants - reselling their services on contingency.
11. Converting one time sales into on going TFN services
 - Coaching, Tree Trimming, Carpet Cleaning.



20 Mind Expanders

12. Real estate farm building.
13. Finance the cost of underwriting the risk of adding risk reversal to a company's offer. Take a piece of enhancement in exchange.
14. Fund / create table top display cards for restaurants.
15. Create home-buying centers in upscale apartment complexes.
16. Fund direct or telephone sales departments.



20 Mind Expanders

17. Buying options or regional / local advertising and reselling rights on a market by market, industry by industry basis.
18. Funding trials for network marketers.
19. Selling envelopes with copywriting.
20. Marketing arbitrage of seminar seats.