

Networking through Strategic Alliances

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Networkers know that you always get back more from your network than you have to give to it. However, that should not stop you from thinking about new ways you can help the people in your network. Your network is full of people who would like to partner with you, though neither of you may have approached the idea or formalized a plan. Here are some suggestions for ways that you can form strategic alliances with other businesses in your network.

BNI (Business Networking International) coined the phrase "giver's gain", which basically means that if you give referrals, leads or resources the recipients will want to repay you somehow. The problem is that as your network grows, it will become increasingly difficult to give referrals to everyone in your network.

This is somewhat counterintuitive because most people would think that as they add contacts to their network it will be easier to refer the new members of your network to each other. However, if you know five accountants it is difficult to refer to all five of them equally. One way to give back to your network is to develop a number of strategic alliances.

There are a few basic steps you should follow to help ensure that your new alliances are effective. First, be sure to think about what you want the alliance to accomplish. Are you simply trying to reach new potential customers? Or are you also trying to reduce your marketing costs? In general, think about the goals of the alliance. Here are some things you might want to consider.

- You will get access to the networks of your partners.
- You will get to associate your business with another, potentially, more established brand.
- You can decrease your overall marketing costs, while expanding your reach.
- You can learn from other businesses. What has been successful for them in the past?

Next you should think about who you want to partner with. If you are a Realtor, you might think of mortgage originators or real estate attorney's that you could partner with. Bear in mind that your partner does not have to have the same goals as you, but they should be complementary. Here are several ways you can potentially form an alliance with another business.

- Create an alliance with a customer - Creating a mutually beneficial relationship with a key customer can strengthen the relationship and reduce your risk of losing this key customer.
- Create an alliance with a market leader - If you are a small business, you may be able to reap huge rewards from partnering with the market leader in your area. You may be able to offer a level of local penetration that a big company may have trouble creating on its own. The alliance may not offer a huge financial incentive for the small business but you can leverage the alliance in your own marketing program. If you are the market leader, consider partnering with a young, easier business that might be able to offer you this type of market penetration.
- Create an alliance with a non-profit organization - You might be able to create an alliance with a trade organization or local community organization, which offer not only direct rewards, but also in-direct rewards from helping a good cause.
- Create an alliance with a former employer - Your company may offer a service that complements the services offered by a former employer.
- Create an alliance with a competitor - while you have to pay very close attention to detail when partnering with a competitor, you might be able to tap into their resources to extend your reach. They might be a competitor, but may not have the specific expertise that you do. For example, many people would consider Yahoo! and Microsoft's MSN internet portal to be competitors, but MSN recognized Yahoo! Strengths in keyword driven advertising and started featuring Yahoo! Ads with their search results. Of course, MSN is now developing its own contextual advertising system, which means the partnership is coming to an end soon.
- Create an alliance with a parallel industry - simply stated, find another business in your market but that is not a direct competitor and then team up to market to the same customer base. Each company can pitch in financially and see incremental results from their marketing activities.

Planning out exactly how the alliance will work is the next step. You and your partner should clearly outline what each party is going to be responsible for and how results are going to be monitored. Be sure to discuss

the costs involved in the alliance and make sure that each party has a clear understanding of what all of the costs will be. Here are some ideas to consider.

- Ask your partner to display your literature and/or products. A Realtor may be able to display brochure from a mortgage broker in their office or include it in the packet of information they present new clients.
- Ask your partner to link to your website from theirs. An accounting firm may be able to place a link to your financial planning practice on their website.
- Include your brochure in a partner's mailings. A delivery company might be willing to include your brochure in the invoices they send to their customers each month.
- Develop joint marketing materials that promote both businesses and share the expenses of implementing the plan. For example, a handyman and a landscaper may develop a direct mail piece that promotes both companies and then each company can contribute to the mailing expenses.
- Develop a "preferred partner" program that offers customers a financial incentive to buy products in tandem from two companies at once. For example, a car dealership might form a partnership with a service station and offer maintenance bundled with the purchase price of a car. A health club may offer a joint membership to a local tennis or pool club.
- Develop a seminar with another business – develop an educational seminar program with a business in your industry and then market the events as a team.
- Publish news about the businesses you have developed an alliance with.
- Introduce your new partners to your key clients. Perhaps you can invite your partner to events you are involved in.
- Serve as a sponsor for events your partners are involved in.

Once you have set up your alliance and implemented your plan, it is critical that the lines of communication stay open and that you pay attention to the relationship you have formed. Check in with your partner to make sure they are happy with the way things are going.

Set up a weekly meeting or conference call with your partner and go through a progress report. You may also find it helpful to create a "report card" for your project before it begins. Base your report card on the goals you laid out early in the relationship and then revisit it over time. By laying out the goals in advance, each person involved with the project will understand what is expected of them. In addition, it is harder to ignore setbacks and bumps in the road if expectations are fully developed and everyone is on the same page before the project begins.

The most common mistakes involve failing to clearly communicate through each stage of the alliance's growth. Think about the overall value proposition, where each party's goals are aligned and mismatched, the level of commitment or excitement from each party. Always think about how the alliance can become a win-win for everyone involved. If you do not think you can really add value, don't participate because you do not want to damage your credibility. Finally, if the alliance simply does not add measurable value to your business, do not participate.

Creating these formal alliances will help you develop and strengthen the relationships you already have. Power networkers can create multiple alliances with multiple members of their network. These alliances have the added benefit of allowing you to add value to a number of businesses without having to actually give specific referrals to a number of businesses individually.

About The Author

Stephen Labuda is considered by many to be a "professional networker". He combines years of business development, networking and sales experience on his blog at <http://www.stephenlabuda.com>.