

The Importance of Strategic Partnerships



BY MARK OKUN

How much you move your company forward this year may come down to how well you play with others.

The quote “No man is an island entire of itself” by English metaphysical poet John Donne can also apply to your business. It has been proven that humans work better together. In this month’s column, we will explore strategic partnerships — those important collaborations that are imperative to push through all the noise and come out ahead in the marketplace we are experiencing.

One thing is for certain as we kick off 2019, the tactics used in an inward-only focused business strategy are expiring, or at least severely endangered. While in the past these old methods have led to business success in the era I will call “pre-worldwide web,” it is no longer the best model for succeeding in this exciting paradigm shift.

The strategic partnership model applies to every element of the modern showroom. Whether it is the blending of the once solitary silos of the marketing and sales teams or forming alliances that must permeate into every corner of an advancing business — the viability of any enterprise in the future demands the creation of allies to continue to experience positive progress.

BUSINESS RELATIONSHIPS VS. STRATEGIC PARTNERSHIPS

Successful strategic partnerships are founded in a coherent collaboration that benefits all of the players involved. To best understand it, you must first acknowledge there is a difference between a *good business relationship* as it has been pursued since the 1990s and the successful *strategic partnership* needed to move forward today.

A business relationship can be distilled down to an association of individuals, each with a goal to positively impact their personal advancement or

gain based on a level of cooperation with others.

Some of the business relationships we have are superficial; others have more depth and commitment. Regardless of the level of commitment to a relationship the players have, it is rarely built on strategy. Most often, it is just a weak association based on current circumstance.

We can define a strategic partnership as an in-depth agreement between companies or individuals focused on the goal of achieving mutual success. The framework used to create these partnerships is the same for both internal and external partners. *Internal partners* can be defined as employees, while *external partners* are comprised of our product suppliers, the vendors we use to support our operational efforts, and a segment of our clients.

THE BUILDING BLOCKS REQUIRED

When operating with a single focus, great effort and energy is expended toward what on the surface appears to be a cordial business relationship; all the same, it is often a win/lose interaction.

When old transactional interaction mentalities

dominate your sales efforts, it encourages the customer to do all they can to get an advantage over the seller. This happens because there is a lack of trust between the parties.

This brings us to the first foundational step in every strategic business partnership: trust. Trust allows for precise, candid communication between the parties involved. This level of confidence fosters our long-term personal relationships. When applied to business, trust is built similarly in our strategic partnerships.

As trust is developed, partnerships flourish with the sharing of unique ideas and being open to discovering opportunities, each reaping advantages only provided by building the best results for the other. Sharing critical information and taking affirmative action becomes easy when each stakeholder is operating in the best interest of everyone involved.

SUPPLIERS, REPS & OPERATIONAL VENDOR PARTNERS

After trust is established, the showroom, rep agency, or vendor, must perform a SWOT analysis to identify the key objectives of those they wish

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to partner with. From the showroom perspective, here are a few fundamental questions that will aid in developing the alliances needed to thrive. (Source: Wikipedia)

What is the competitive advantage?

Having the correct strategic partner is essential in 2019 and beyond. It is necessary to have an intimate working relationship with all types of vendors to serve the ultimate end-user best. Evaluate the potential for future success based on past actions and transparency.

Is everyone aligned on specifically detailed joint objectives?

Partners must establish – and agree on – clearly defined, and preferably written, objectives. These intentions focus on the success of the partners to the benefit of the end-users. Based on the direction of the goal, metrics are developed for measuring the results to assure success. Knowing the specifics of what each partner wants out of a strategic alliance delivers a solid understanding of the effort each must spend to win.

Will this alliance drop associated costs or advance efficiencies?

With full digital transparency, the end-user knows almost everything about product pricing and availability. Within a true strategic partnership, direct operational overhead costs are reduced by adopting a narrow and deep vendor philosophy.

Can this potential partner provide balanced support in areas the showroom is deficient in?

While today's showrooms must be masters of many disciplines, in all honesty no one can master them all. Our potential partners must have skills or resources that complement essential areas of the business where support is needed.

FINDING SYNERGISTIC POWER

Strategic partnerships that are in sync are potent: Each member of the group is vested in the positive outcomes of the other. We once relied on positive partnerships to evolve, but this did not always happen in every case. Imagine if we only had the best of the best synergies to work with day in and day out? Everything would be smoother and more profitable for all.

Creating great partnerships can only occur

with a plan. Beyond the answers to the business questions, strategic partners that have similar core values are a critical attribute. Working with partners who have the same principles as you will provide stable footing and the confidence to act on ideas.

Strategic strength becomes synergistic when partnerships are based on varying skill sets. Building a relationship is easy because we seek out rapport with people who are similar to us.

However, let me ask: Do you really need another you? When thinking strategically, finding people or vendors who complement existing strengths is ideal.

BUILDING BULLETPROOF ALLIANCES

Designing an effective strategic alliance requires an ongoing and calculated commitment to productive conversations. Having smooth, comfortable work-related exchanges are a must.

Schedule time to speak with all partners on a regular basis, usually once a week or every 10 days. These planned talks do not take the place of the necessary communication to get the day-to-day work done. These talks are a time to measure the efficacy of the plan that is being worked on and to introduce new ideas and information.

As you assess the results of various partnerships you're involved with, ask yourself:

Have our mutual goals been met?

When gains only go one way, it is not a partnership.

Are the metrics being appropriately used for the goal?

An increase in sales is only one indicator to look for. When the partnership goal is to increase brand awareness or operational efficiencies, the way to measure success and the metrics used must be agreed upon by all involved.

When problems arise, and they will, is the conversation a contest of finger pointing or a strategy session for improvement? True partners don't want to have issues with each other. The way to keep problems from festering is with result-focused teamwork.

With the increased need for showrooms to participate in an omni-channel model, it behooves all parties involved to create strategic partnerships. The work being done today will last for years to come; take time to build these critical synergies.

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- ➔ A viewpoint on a hot industry topic?
- ➔ Ideas on how technology can improve your lighting sales?

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