Phoenix Consulting Group
PARTNER DEVELOPMENT

Alliance Management Glossary of Terms

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Term	Definition
Alliance	Collaborative relationship between two or more entities that share assets, expertise, risks, rewards, and CONTROL to create greater value for their customers and for their own organizations than could be accomplished independently. 1+1>3
Alliance capability	An organization's ability to partner with consistently successful results. Includes company culture and attitude toward partners, internal skills and competencies for collaboration, and the tools and best practices in use.
Alliance lifecycle	Stages of a relationship's evolution from beginning to end. There are many versions of alliance or partner lifecycle models in usage, often customized to a particular organization's needs. Typical phases include: alliance strategy, search and selection, negotiations, formation, launch, operational management, transformation or termination.
Arbitration	A legal form of conflict resolution, where a neutral third party recommends a solution to the dispute between the two partners. Arbitration can be binding where both parties agree in advance to accept the recommended solution or non-binding where either party may elect to adopt the recommended solution. Sometimes proscribed in alliance agreements when established governance processes have been exhausted.
Best practices	Proven and tried management tools, techniques or processes that have helped organizations to successfully manage their alliances, achieve tangible results and create corporate value.
Company cultures	System of norms and values, tacit knowledge, and accepted behaviors within an organization that underlie attitudes and approach toward not only partnering, but business in general. Example: hierarchal decision making culture vs inclusive and collaborative culture.
Coopetition	Cooperative Competition. Not a term found in Webster's but commonly used in the alliance profession describing alliances that are both collaborative and contentious where there are, for example, areas of product overlap that result in competition. These are highly complex and difficult alliances to manage and yet are becoming the norm rather than the exception in major strategic alliances.
Cultural/relationship fit	The degree to which alliance partners' share common values, mutual trust, and approaches to decision making, communications and conflict management. Cultural norms often influence operational practices.
Executive mapping	Similar to organization mapping but maps specific individuals as functional counterparts. This process aids alliance managers in building cross corporate working relationships and in conflict resolution.
Executive sponsorship	Role of a senior executive assigned to champion an alliance and provide strategic guidance. Other roles may include company spokesperson, assist organizational navigation and escalation point for conflict resolution.
Governance	Model of checks, balances, oversight, roles and responsibilities, and business processes, including decision making and decision escalation processes used to manage alliance performance and organizational accountability.
Governance board	Group of managers from both partners chartered with guidance and oversight of the alliance. These can be highly formalized boards in some alliances and include cross functional representation.
KPI	Key Performance Indicator. Process metrics that can be used to predict or optimize results or outcomes.
Lagging indicators	Metrics that measure value that has been accomplished such as margin contribution or milestone achievement.
Launch	The process of implementing the operational model and integrating the tasks and activities into the day to day responsibilities of the stakeholders.

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Leading indicators	Metrics that signal whether an alliance is performing or likely to achieve the desired objectives. For example; a sales forecast is a leading indicator of future revenue production.
Litigation	Formal legal proceedings where disputes are settled in a court of law.
Mediation	A legal form of conflict resolution, usually facilitated discussion by an external, neutral third party. Often proscribed in alliance agreements as means of settling conflicts when established governance is inadequate.
Metrics	A measurement system to track whether an alliance is creating the value for which it was established. Alliance metrics in best practice measure value in multiple dimensions: strategic value, operational value, financial value, and relationship health which is a measure of performance capacity. Metrics should include leading indicators of performance as well as tangible outcomes such as revenue.
Mission statement	Describes the purpose of the alliance, the reason it exists.
Network	Multiple interdependent alliances, each having a relationship to the other. Example: Star Alliance, a consortium of 27 airlines that share resources and infrastructure to create stronger competitive advantage. Networks may also be defined on an industry level. The alliance network in the technology sector consists of all bilateral and multi-partner alliances in the industry.
Operating principles	Governing concepts guiding the alliance operation. Example of operating principles might be: Attempt to solve conflicts at peer levels before escalating. Promote open, respectful communications. Focus on creating customer benefit.
Operational fit	The degree to which alliance partners' day to day business practices and policies are compatible, the effectiveness of the system of metrics and rewards, and organizational support to the success of the alliance.
Operational model	Translates the alliance mission, value proposition and objectives into reality through business processes, resource commitments and project management.
Organizational alignment	See stakeholder alignment. Organizational alignment could encompass a company-wide recognition of the alliance vision and value and not just individuals involved in alliance operations.
Organizational mapping	A process of correlating functional responsibilities within one organization to another. Example: Engineering in one organization might be R&D in another. Organizational mapping must be conducted to the level that the alliance teams can operationally engage with each other to collaborate on tasks. Example: where do decisions regarding product features get made in each organization? Who owns account strategy for customers in each organization?, etc.
Partner health diagnostic	A process that evaluates the internal, operational dynamics and team perceptions of an alliance as an indicator of performance capacity. Example: Do the alliance teams trust each other? Do stakeholders meet their commitments? Are problems resolved efficiently?
Portfolio	All alliances a particular organization may engage in, which, unlike a network, may or may not have interdependent relationships, i.e., a collection of one-to-one independent relationships.
Profiling	Assessment of an organization's strategic fit, operational capabilities, competencies, resources, partnering maturity, financial viability, and other attributes that would be considered in the partner selection process and operational planning.
Remediation	Correcting elements of alliance structure, operation, governance, etc which contribute to poor performance. Often used in a legal context, especially when addressing unmet contractual obligations.
Scope	The breadth of activities and benefits that an alliance is intended to deliver. Scope may be defined through products and services created, geographic reach of the alliance, duration and organizational involvement.

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Stakeholder	Individuals who have a tangible interest in successful alliance performance and who typically have a role that contributes to an alliance's success. Stakeholder can be internal to the alliance partners i.e. employees or external i.e. customers are a key stakeholder.
Stakeholder alignment	The state or the process of gaining shared vision, objectives, and operational agreement in delivering on the alliance mission.
Strategic alignment	Shared vision, objectives and interests between alliance partners and with their joint customer.
Strategic alliance	Every organization may have different criteria distinguishing a 'strategic' alliance vs. 'an' alliance. Typically strategic alliances have very broad and long term impact on corporate performance and valuation. Often they are formed to create a competitive advantage for the partners in their respective markets. Not all alliances need to be strategic; alliances can be established to achieve highly operational or tactical objectives.
Strategic fit	The degree to which alliance partners are aligned to achieve the long range goals of each organization. Each partner's goals may be very different, but the extent that the partnership enables each partner to achieve their respective goals is a good indication of strategic fit and a sustainable, successful alliance.
Team charter	Document that captures alliance mission, scope, operating principles, and identifies the team members and their roles and responsibilities. More commonly used in alliances which are not market-facing since they typically do not contain the financial ROI and revenue forecasts that a business plan would include.
Term sheet	Document that sets out the basic business framework, gives and gets. Generally developed prior to formal agreement negotiations.
Termination	Ending an alliance, ideally through a well-managed process that preserves value and good will in the event the corporate relationship may be reconstituted at some future time.
Transformation	Restructuring an alliance to correct performance issues or possibly to renew or reinvigorate an alliance to achieve a change in strategic intent.
Transition	Alliances that have reached a juncture in their lifecycle where there is a management decision whether the alliance should be continued. Decision may arise because the alliance has fulfilled its strategic mission and no longer has a purpose or is failing to perform and intervention is required.
Value network	A network of partners that complements an organization's functional capability to create goods and services and deliver them to the customer.
Value proposition	The promise of measurable benefit resulting from an alliance. Alliance value propositions are generally defined as 3-way wins: for you, your partner and your joint customer.
Values and norms	Values and norms often underlie operating principles and often reflect ethics and standards of behavior that characterize the human interactions. Example of a value might be social responsibility, cultural sensitivity, or adaptability to change.

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