Course: Managing Strategic Partnerships  
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Course Overview

Strategic partnerships- formal arrangements between firms that involve significant levels of shared decision making- are important across industries. Reliance on external partners marks industries as diverse as financial services, with its increasing push towards business process outsourcing (BPO) and offshoring, and IT and biotechnology, in which even leading players cannot hope to depend exclusively on internal development and often turn to various forms of strategic partnership with entrepreneurial firms.

This course rests on the hypothesis that irrespective of industry setting or specific goals, strategic partnerships can be analyzed along a few basic design parameters, and managing them involves similar processes and problems. The various forms of strategic partnership covered in this course are outsourcing agreements (BPO), minority equity investments, equity alliances, joint ventures, and acquisitions. The course will provide concepts necessary for working successfully in the business development and corporate strategy function, or in consulting firms/investment banks. It will help you answer the following questions:

As a strategist in a firm, how should you

- Choose between internal development and strategic partnerships (i.e. external development)?
- Choose between in-sourcing and outsourcing?
- Choose between various modes of strategic partnership- alliances, JV’s and acquisitions?
- Choose the appropriate management style for a partnership- "hands off” or ”hands on”?
- Build competitive advantage by developing an organizational capability to manage strategic partnerships?

As an analyst or consultant, how should you

- Evaluate the announcements of strategic partnerships by analysing the value creation logic in such partnerships
- Assist clients with partner selection, deal making and due diligence

Evaluation

There are three components to the course evaluation – participation in classroom discussions (25% of grade), a group assignment (25% of grade) and an individual examination (50%).

Participation. This course is taught with a mix of traditional case-studies and some academic and practitioner articles. Your active participation is integral to the learning experience, so please plan time for doing the readings and preparing the case.
Group Assignment: The group assignment will involve analyzing a strategic partnership and coming up with a recommendation. The assignment will be done in a short time frame (1 day) and will involve intensive group work followed by a presentation.


Session 1: Why partnerships matter

(Note: This paper is widely believed to have contributed significantly to Coase winning the Nobel Prize in Economics in 1991)


Session 2: Corporate transformation through partnerships

Case: Monsanto’s March into Biotechnology (A) (HBS)

Readings: A. Arora and A. Gambardella, Complementarities and external linkages: the strategies of the large firms in biotechnology, Journal of Industrial Economics (optional)

Session 3: Minority Equity Investments

Case: Intel capital- The Berkeley Networks Investment (HBS)


Session 4: Total outsourcing to a strategic partner

Case: Xerox: Outsourcing the global information technology resources (HBS)


Session 5: The off-shoring model and its extensions

Case: Aurigene Discovery Technologies (LBS-ECCH)
Session 6: Group Assignment

Case: Domino Printing Sciences (Cranfield-ECCH)

Readings: None

Session 7: David and Goliath Partnerships: A Goliath’s eye view

Case: Cisco Systems Inc.: the acquisition of technology is the acquisition of people (Stanford GSB)


Session 8: David and Goliath partnerships: David’s perspective

Case: Vermeer Technologies A & B (HBS)


Session 9: Partnership as an organizational capability


Session 10: Managing a network of partners

Case : Li & Fung

Reading: John Hagel, Leveraged Growth, Harvard Business Review