

## Tips for Choosing Strategic Supplier Partners

### *A Checklist for OEMs Competing in a Global Marketplace*

Having reliable, cost-effective supply sources is important to any OEM. But stopping there leaves potential competitive advantage untapped. Strategic alliances are the best way to extend your competitive reach and deliver beyond the benefits available in an arm's length relationship. The process for finding the right strategic partners is much like the course of action a head coach must take when drafting his team for the upcoming season – pick the right ones, you win. Choose the wrong ones, you give up competitive advantage. Whether you're a head coach or an OEM executive, when it comes to building your team, scouting out and acquiring the best talent is imperative.

The simplest definition of a strategic partnership is a long-term relationship that is sustainable, mutually beneficial, and one that adds to the OEM's capabilities. The partnership should be an extension of the OEM, mirroring various aspects of in-house capabilities, processes and culture.

The benefits of a strategic partnership can be significant: reducing time to market, uncovering insight into newly identified markets, developing proprietary technologies, and increasing your company valuation are just a few. The right partner will work with you to develop a strategy to prioritize cost, compliance, efficiencies and competitiveness. But how to choose wisely? What does a good strategic partner look like?

In our experience, we've seen OEMs gain a competitive advantage when they seek partners who:

- Share a vision of developing innovative answers, or more importantly, customers' needs, while evolving processes and providing cost savings,
- Will work closely with the OEM's internal team to develop short- and long-term objectives to achieve their product plans,
- Continuously invest in their technology, people and service offerings, and
- Utilize proven management tools and continuous improvement programs, such as Lean / Six Sigma.

So maybe now you're thinking, "Okay, makes sense. How do I get started?" As OEMs look for growth in new markets, such as emerging economies, or selling to targeted or niche markets, they need relationships that enable and optimize the entry to these new markets.

Having a solid plan to embark on such an alliance is the place to start. We offer this checklist for preparing your plan:

- ☑ **Know Your Go-To-Market Strategy.** Identify and understand your needs. Clearly define and validate your target market – those who are experiencing pain points you can remedy and who need your solution most. This process allows you to identify the precious gap between what constitutes a big win solution and the functionality you can deliver. This gap becomes the focus for your partnership blueprint.
- ☑ **Develop Your Partnership Criteria.** Sitting down with your management team to identify key selection criteria for your business is an important step. Here are some questions to consider with your internal team before approaching potential partners:
  - *What would be our estimated market impact?* Will this alliance bring the anticipated competitive edge needed to capture our target market? How quickly can we get traction with this partner in the specified marketplace? What would be our combined

value proposition to our targeted customers? Will they help positively impact brand awareness?

- *Are we compatible?* Just as we choose personal relationships and life partners, the important question of compatibility becomes vital. Is the culture and management team compatible with ours? What about their core competencies? Is it a natural fit in terms of values, integrity and personality? Are they genuinely excited about reaching new heights and combining forces to do so?
  - *What are the risks involved with this alliance?* Once identified, can they be mitigated, minimized? What are the risks of not moving forward with the partnership?
  - *Is the environment right for partnering?* Do they demonstrate a desire and commitment to partnering? Do they have existing partners that claim success in their alliance with this potential partner? How are they performing relative to their competitors?
- ☑ **Do Your Due Diligence.** Research trade journals, professional and industry organizations, reputable online sources, and networking channels to get a full picture of your potential partner's capabilities and reputation. Understand the company's strategies and goals and find out how they are perceived within their market. Once you have done your homework on your potential partners, you can now prioritize your list of candidates and begin the recruitment process.
- ☑ **Prepare A Clear Definition Of Partnership Expectations.** Create a list of partnership expectations, including both qualitative and quantitative measures, for the interview process. Do you want to capture a portion of a new market? If so, what percentage? In what timeframe? Give your potential partner specifics to help them gauge the thrust and intensity of your sales and marketing goals. Are you looking to improve the properties and strength of an existing part? Or are you looking to reduce costs through an improved inventory turns ratio? Defining the expectations up-front provides an outline of performance measures that can be later used to evaluate the continuing viability of the partnership.

For OEMs competing in the global marketplace, it is increasingly important to find and nurture strategic business relationships that strengthen and fortify your existing value chain. The business landscape for OEMs in the finished and durable goods marketplace often forces product realization to happen on a track that compresses both time and costs. A good strategic partner can and should help you attain those goals and ensure you survive, even outrun, your competition.

Our best coaching advice: invest the time to make sure you are choosing wisely. Expanding your team to include a strategic partner can lead to long-term success and invaluable strategic advantage.

Finding out more about beginning a strategic partnership with Anderson Fittings is easy. Just visit our [Getting Started](#) process or give us a call at 1-800-323-5284.