Developing Strategic Alliances to Build Your Business

by Rosanna Imbriano

Unless you just won the lottery, chances are you are careful about the way you spend your marketing dollars to earn the greatest return on investment. Of course, the whole purpose of marketing is to gain exposure for your business and ultimately grow it, which can be challenging under any economic circumstance. But did you know that one of the most effective ways for a company to handle its marketing and public relations—especially one on a shoestring budget—is to form strategic alliances?

A strategic alliance is formed between companies or organizations that share the same target audiences/markets and provide complementary products or services. They work together to help each other build their businesses through referrals and by outsourcing work to each other.

Forming a strategic alliance that builds business for all parties involved can be done in several ways. The easiest one is to identify other businesses that are compatible with yours, so you can partner for mutual benefit.

Increase Revenue—Not Marketing Dollars

Creating the right strategic alliance can help your business grow and increase its profits without spending additional marketing dollars. By building the right business relationships and partnering with them, you can develop a more cost-efficient way to increase revenue.

The first step is to identify your company's revenue streams and target markets by identifying where your revenue comes from and what kind of growth you want. Once you establish that, identify the strategic partners who can help you build your business and vice versa. Together, you can boost profitability because you are generating business for each other without spending media dollars.

For instance, in order to offer more services and grow, a printer could partner with a graphic designer, and a graphic designer could partner with a writer to work on client projects. If you run an auto body shop, you can benefit from a relationship with insurance agents or companies who are seeking a reputable shop where they can send their policy holders without hesitation. These are examples of how partnering with the right product or service provider can help companies accomplish their business-building goals effectively without spending unnecessary marketing dollars.

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Once you have identified your strategic partners, you need to do the following:

- **Identify and clarify your marketing goals.** Do you want to increase business, develop alliances for the future, grow the business physically, boost its visibility in a certain area, or increase sales by a certain percentage? Whatever your goals, you'll want to network with those complementary businesses or organizations that can help you reach them more efficiently.
- **Figure out how to attain those goals within your marketing budget**. Forming strategic alliances means you will have other businesses or individuals marketing for you, making it much easier to stay within your budget. Together, you can work inexpensively and effectively, leaving more money to flow to the bottom line.
- **Consider hiring a consultant who specializes in strategic marketing.** Some business owners prefer the buffer of another professional who makes the connections as part of an overall marketing plan. Often that outside consultant can see potentially profitable connections between businesses that the owners do not see, suggest different ways for business owners to position themselves and their ability to work with others to boost their market share, seek out charitable organizations that align with a company's mission or goals for community outreach—or simply represent the business owner (who is busy running the day-to-day operations) in a polished, professional manner.

Note: If you do hire a strategic-marketing consultant, make sure that person does not merely offer you a cookie-cutter approach to this business development strategy. The consultant should take the time to truly understand your business, your target market(s), your goals, and your budget—and offer a customized approach to meet your needs.

Mutual Benefit is Key

Successful strategic alliances are two-way streets; therefore, before approaching businesses that can bring you new clients and additional revenue, make sure you can provide a product or service to help them meet their marketing goals as well. Your strategic partners should have a vested interest in helping your business grow, and you should demonstrate an equally strong commitment to their business development. That mutual cross-promotion and support through smart outsourcing is the hallmark of a successful alliance that creates a win-win relationship for all parties involved.

Perhaps your company provides website design and Internet marketing. A great way to expand your internal capabilities and attract more business is to offer copywriting services for your website clients. Instead of hiring a staff copywriter, you can strike a strategic partnership with writers you know and trust. Your company would expand its in-house services by providing website design and content creation. With additional services, you can take on more clients and increase billing. Of course, the writers you work with will see their revenue increase, too—thanks to the projects you refer to them.

Another example is in the real estate and mortgage fields, where real estate agents and mortgage brokers support each other by referring clients to home inspectors, home stagers, moving companies, financial planners, and other related professionals. These strategic alliances make sense because they are an appropriate match and serve as a way to expand each partner's market reach and referral base and improve customer relations.

Whether you develop these business-building relationships on your own or hire a marketing consultant to ally your company with complementary businesses, you will find that the power of two (or three or more!) is far greater than going it alone. After all, successful collaboration brings new knowledge, new markets, and new sources of revenue.

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