Growth • Innovation • Leadership Council
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Leveraging the Strength of Strategic Partnerships
Moderated by Carlos M. Gomez, Vice President, Global Partners and Strategic Alliances, Industrial Solutions, Baker Hughes

Select Growth Innovation Leadership Council members participated in a brainstorming session exploring the potential for impactful strategic partnerships. Led by strategy and alliance thought leader Carlos Gomez, the group shared partnership experiences and insights, identifying mutual goals and discussing how to uncover and structure new opportunities.

Key brainstorm challenges

- Identifying your unique needs and selecting the ideal partner
- Harnessing ecosystems and cross-industry collaboration to drive mutual value
- Co-creating tailored solutions versus broad offerings, ensuring optimized investments

Carlos opened the virtual event by asking participants, *What is your biggest challenge with strategic partnerships? Member responses included:*

- ✓ *My biggest challenge is getting through the bureaucracy*
- ✓ *Different lawyers work in different ways*
- ✓ *Trying to prioritize and determine where to focus*

Succeeding in an age of technology partnerships

Carlos noted that his employer, Baker Hughes, was currently focused on technology acceleration and pursuing partnerships to support that. When he asked the group about their current partnership initiatives, one member shared that she used to look at "tip of spear" ideas but in her current role was more–focused on partnering with companies who had mutual customers and building a partnership network. Another member shared that their organization was looking at digital, technology-enabling partnerships. As noted, "humans can think a lot, but technology can widen." Yet another member in the automotive industry stated that they were creating many partnerships with the end goals of saving money and improving outcomes. The value and appeal of university partnerships was also discussed; several participants were fans of this model. As noted, not all companies are open to partnerships. Corporate cultures vary, and with them receptiveness to partnering and/or providing resources to source or maintain partnerships.

Carlos mentioned the practice of coopetition, briefly defined as a strategy where, despite being competitors, companies collaborate for mutual benefit and business value. Such partnerships may help reduce costs, expand markets or drive innovation, for example. When the group was asked for feedback about the concept of coopetition, one member voiced that it would depend on whether the alliance was based on proprietary or non-proprietary information or practices. This comment led to a conversation about how organizations were more likely to collaborate in the early stages of product (or service) development. Later, closer to manufacturing the product or going to market, companies are more likely to disengage from collaboration or coopetition efforts, per the member discussion.

Structuring and maintaining partnerships

Clear communication and negotiations at the outset are critical to structuring successful partnerships. Moving forward, regular check-ins and assessments of processes, tactics and goals are also important. As one member summed it up, "build structure and define context and scope." Leave space for separating from the partner if it becomes necessary.

Well-structured or not, not all partnerships work out. Some can be rocky, some need to be rebuilt. When Carlos queried the group about challenging partnership experiences, many had stories to share, i.e., "it was a strategic misalignment from the get-go." One member cited a corporate partnership that was very uneven with a lack of goodwill on the other side. Others had tales of partnerships that shifted when key stakeholders or leaders left the company, taking institutional knowledge and project history with them. To this end, the importance of relationships – establishing good ones, maintaining them, and having more than one key contact within a company was underscored.

Partnership inertia was also covered. The refrain, "we've always had this partner," can lead to complacency, i.e., situations where new ideas or strategies are not considered or evaluated. Sometimes new players need to be brought in for the good of the organization, as long-standing stakeholders can become too comfortable or too close to the situation. As a result, they fail to consider new ideas or practices.

Having too many partners can also be an issue, affecting decision-making speed and agility, for instance. One member shared that they believed there was a sweet spot for partnerships that consisted of 1-2 other partners. Of course, this is dependent upon the industry or the complexity of the partnership. As well, different industries may work together on overlapping opportunities, creating another type of partnership. An example shared involved non-competitors all working with a cloud provider.

Closing thoughts

As a member stated, "make sure your partnerships are mutually beneficial." Think of the other party's perspective. As important, keep your company's core business top of mind when partnering. Know what to keep in house. In closing, Carlos reminded participants that change can be good. It can help bring new ideas and bring fresh perspectives to ever-evolving enterprise strategy.

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