

Master of International Business

M2 S2

Course Title:	Alliances and Network
Hours:	Part 1: 20 hours, Part 2: 20 hours
ECTS Credits:	3+3
Instructor:	Gilles Logeais, Adjunct Professor, IAE Nice

This course is made up of two parts: The first 5 sessions constitute Part 1 and the last 5 sessions form Part 2.

Alliances and networks consist of various forms of organization that corporations use to reach their goals through cooperation with other firms owning assets and capabilities that they lack.

These forms of organizations have developed considerably in the past 30 years, in all industries and regions, but especially with companies having strong international and technological orientations. They play an important role in virtually any business and corporate strategy. This course aims to present the main concepts and frameworks concerned with the management of alliances and networks, with a special emphasis on technology-oriented agreements.

The main goal of this course is to provide strategic and operational knowledge about the main forms of alliances and networks and their managerial requirements.

DESCRIPTION AND LEARNING OBJECTIVES OF THE COURSE

This course will take a dynamic view at the strategic and managerial issues confronting alliances and networks. Indeed, the key issues changed according to the evolution and maturity of the cooperative agreements:

- Preparation and partner selection: Entering into an alliance or a partnership should not be an opportunistic move. It should result from sound strategic reasoning.
- Formation: An alliance or a partnership is a framework for coordinating the use of resources. It could be set either for the medium or the long term but it always requires some type of commitment from the partners.
- Implementation and operation: Signing the deal is certainly not the end of the process. Instead it is the beginning of a critical phase in the life of the venture. The implementation of an alliance means ensuring that the organization has been designed properly, that communication channels will remain open, and that parents' expectations stay compatible as time passes and the business environment changes.

- Termination and closure: Alliances and networks are generally not supposed to be open-ended arrangements but temporary ones. Serious problems occur when the termination process has not been anticipated. Poorly managed separation can end up causing considerable damages to partners.

TOPICS OF EACH SESSION AND SUMMARY OF THE COURSE

Before considering the critical phases of the alliance life cycle, the course will introduce a theoretical framework for understanding and managing alliances and network arrangements.

- Managing the cooperative relationship requires both trust and control. The course will discuss how these complex concepts are relevant for understanding and guiding the management of alliances and network.

- The course will then introduce a new construct that combine trust and control, “Relational Quality”, and will show that it is a key driver of alliance success and therefore a useful basis for the measurement and monitoring of the alliance over its life cycle.

- We will then examine how relevant Relational Quality is at each phase of the life cycle. We will discuss how trust and control help address the challenges that are specific to each phase: Strategy Formulation and Partner Selection, Alliance Formation, Alliance Operation and Turnaround, Alliance Termination. A session will be devoted to each of these phases.

- Next, we will discuss the influence of trust and control over creativity, innovation and performance in technology partnerships.

- Finally the course will propose a detailed model for monitoring and managing Relational Quality in co-development ventures.

The course will rely extensively on case studies to help formulate and illustrate the concepts and frameworks introduced in this course.

CLASSES

The course will be delivered during sessions taught on campus at the IAE in Nice.

Each session is described in the next section of this syllabus. Session descriptions include the name of the case study that students must obtain, read and the study questions they must be ready to discuss in class.

Francis Bidault, Managing Joint Innovation: how to balance trust and control in strategic alliances, Palgrave Macmillan, 2012 (ISBN 978-0-230-27997-1) covers the content of the course to a large extent. It is required reading. This book will be referred to as “Managing Joint Innovation: Chapter x”.

ON CAMPUS SESSIONS

Session 1.1

Friday February 3rd, 8:00 – 12:00

Session topic: The Alliance Management Agenda

Reading: Managing Joint Innovation: Chapters 1
Build borrow or buy article (class discussion)

Session 1.2

Friday February 3rd, 13:00 – 17:00

Session topic: The era of alliances

Reading: Managing Joint Innovation: Chapters 2

Case (to prepare): UTV and Disney a strategic alliance (Ivey 910M43)

Study Questions:

- How could UTV become a 5bn to 10 bn Rs company? Please list the strengths and weaknesses of the three options mentioned; internal growth, partnership for international growth, external growth.
- How would an alliance with Disney give UTV an edge in its international operations?
- What are the advantages and disadvantages in going ahead with a strategic alliance with Disney?
- Strengths and weaknesses of UTV with regards to fast growth. Should UTV go for internal growth or global expansion? (SWOT)

Session 1.3

Friday February 10, 8:00 – 13:00

Session topic: Cooperation casualty

Case (to prepare): Fiat Chrysler alliance (HBS 9-611-037)

Study Questions:

- Strengths and weaknesses of Fiat GM alliance
- Strengths and weaknesses of Chrysler Daimler alliance
- Explain the FIAT Chrysler deal; finance, governance, SWOT
- Which are the key success factors?
- Assess Marchione first year on the job, what grade would you give him?
- Which are the key actions to take during the first 3 months?
- What do you like or dislike in Marchione's management?
- The launch of the Fiat 500; explain the decisions,
- Beyond Fiat 500 launch, what is still missing from a management perspective ?

Reading:

Managing Joint Innovation: Chapters 3 and 4

- Team presentation: To be announced later

Session 1.4

Thursday February 16, 8:00 – 12:00

Session topic: Relational Quality as a key success factor

Case (to prepare) Royal Dutch – Shell (HBS 704 040)

Study questions:

- What are the most important differences between international oil and gas markets? How is Russia situated in those markets?
- How much protection do production sharing agreements (PSAs) provide for foreign investors? Why are PSAs so controversial in Russia?
- Should Shell managers proceed with Sakhalin II, and invest in Russia, despite the fact that project's legal issues have not yet been resolved? How can Shell's managers mitigate the risks associated with this project?

Reading:

Managing Joint Innovation: Chapters 5

Team presentation: To be announced later

Session 1.5

Thursday February 16, 13:00 – 17:00

Session topic: Alliance life cycle

Reading: Managing Joint Innovation: Chapter 6
Lafarge Holcim article (class discussion)

Case (to prepare): Case Credit Suisse Gerson Lehrman (HBS 409 046)

Study Questions:AQ

- What are the reasons CS wanted to do an alliance with GLG? Risks involved.
- What are the reasons GLG wanted to do an alliance CS? Risks involved.
- Does this alliance favor one or the other of these two firms?
- What do you think the challenge will be in making this alliance work?
- Does the alliance seem more or less attractive to you in light of the market conditions described at the end of the case?

Team presentation: To be announced later

Session 2.1

Friday February 17, 8:00 – 13:00

Session topic: Strategy Formulation and Partner Selection

Reading: Managing Joint Innovation: Chapters 7

Case (to prepare): FreeMove, Mobile Telecommunications industry (IES-117)

Study Questions:

- What are the cornerstones of development of mobile industry in Europe?
- Why did T-Mobile, Telefonica, Orange, TIM form Freemove?
- What were the objectives behind this move?
- What are the key milestones in the alliance evolution?
- How successful is it in achieving the objectives it set?
- How does Freemove positioning compare to the positioning of Vodafone and Sympac?
- Which one would make a more attractive ecosystem partner?
- What are the current challenges facing Freemove?
- How can the alliance deal with them?

Team presentation: To be announced later

Session 2.2

Thursday March 9, 8:00 – 13:00

Session topic: Alliance formation

Reading: Managing Joint Innovation: Chapter 8
Article busting innovation myths (class discussion)
Open innovation article (HBS R0210F)

Study Questions:

- Which are the benefits of open innovation for a company?
- Which tools a company might use to develop open innovation?
- Which are the risks linked to the development of open-innovation?

Team presentation: To be announced later

Session 2.3

Friday March 10th, 8:00 – 12:00

Session topic: Alliance Operation and Turnaround

Reading: Managing Joint Innovation: Chapter 9.

Case study: Aegis Analytical corporations (NA0117)

Study questions;

- Evaluate Aegis's strategy for forming alliances to market its products. Why did Aegis form the alliance in the first place?
- What was its motive for entering each?
- In terms of managing the relationship with each company, what has been the effect of Aegis partnering with larger companies?
- What are the objectives for Honeywell or Rochwell for maintaining the alliances?
- What are the advantages and disadvantages of each contract's provision for Aegis?
- Now that the alliances are more than one year old, what is the reason that neither alliance has resulted in a sale of Aegis's product?
- What are Aegis's options regarding these alliances? Which option should it select?
- What changes might Aegis make beyond those pertaining to these two alliances?

Team presentation: To be announced later

Session 2.4

Friday March 10, 13:00 – 18:00

Session topic: Alliance Evolution and Termination

Reading: Managing Joint Innovation: Chapters 10.

Team presentation: To be announced later

EVALUATION AND GRADING

Case study write-up (50%)

On March 10, 2017, participants will be requested to write a 1-page analysis of a case study studied during the lectures on a question assigned by the instructor. The case write-up will last 1 hour. Participants will be allowed to consult any reference material (books, article or case studies). A clear, unambiguous, straightforward answer to the question is expected. Students will have to demonstrate their understanding of all frameworks and theories taught in class and presented in the required readings, as they apply the relevant ones to the case study.

Group project (40%)

Participants are invited to form teams of 3-4 members to prepare a 30/40-minutes presentation on a strategic alliance or a partnership set up to develop and commercialize a new technology or product/service. Teams must submit their case study idea to the class instructor on February 3rd, 2017 latest. The case study selected must be based on original research. It can make use of secondary sources such as academic articles, business press pieces, or internet searches. But it must not be using a case study already published by a business school (HBS, IMD, INSEAD, Ivey, Darden, etc.).

Teams will prepare a report on the following three points: (1) the purpose of the cooperative arrangement (of any legal or financial form) (2) the key challenges confronted by the partners, and (3) the effectiveness of the alliance/partnership in terms of its ability to build relational quality.

A presentation (PowerPoint) to the whole class (30/40 mn, 10/15 slides max, followed by Q&A) will be made by each team in one of the following sessions to be chosen in coordination with the instructors. Teams must submit the wished presentation date on February 3rd, 2017. The instructor will finalize the presentation schedule the same day.

Class participation (10%)

For the benefit of each of us the class is expected to be very interactive.

You are expected to read the book chapters or articles beforehand in order to be able to raise questions about your readings during the lecture,

The case example given in each chapter will lead to a class discussion.

Case studies; you are expected to read the case beforehand and prepare the questions listed with your group, in order to be able to participate during class discussions.

Groups will randomly be asked to explain their answers.

PARTICIPANTS AND TEAMS

Teams of 3-4 participants must register themselves (with names and first names of all members) with the instructor (by email or at the end of the lecture) until February 2nd 5pm, 2017.

BIBLIOGRAPHY

There are no additional readings required beyond those specified for each session (in the detailed course syllabus). No reading is required except those provided via box.com.

Participants may want to read any of the following books:

Africa Arino, Jeffrey Reuer, Strategic Alliances: governance and contracts, Palgrave Macmillan, 2006, ISBN: 978-1-4039-9592-6

John Child, David Faulkner, Stephen Tallman
Cooperative strategy managing alliances, networks, and joint ventures
Oxford University Press, 2nd edition, 2005, ISBN: 0199266255

Harvard Business Review on Strategic Alliances
Harvard Business School Press, 2002, ISBN: 1591391334

James D. Bamford, Benjamin Gomes-Casseres, Michael S. Robinson
Mastering Alliance Strategy: A Comprehensive Guide to Design, Management, and Organization, Jossey Bass Business and Management Series, 2002, ISBN: 078796462X

Ranjay Gulati
Managing network resources: alliances, affiliations and other relational assets, Oxford University Press, 2007, ISBN: 0199299854

Steve Steinhilber, Strategic Alliances: Three Ways to Make Them Work, Harvard Business Press, 2008, ISBN: 978-1-4221-2588-5