

management *insight*



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PROVIDING INNOVATIVE SOLUTIONS TO COMPLEX
BUSINESS CHALLENGES

Strategic Alliances to Create Value

robert majdak

Strategic alliances create opportunities that fall largely into three main categories: 1). Alliances can improve performance of a business current operations. 2). An alliance can also be used to create a competitive environment that allows a business to leverage the alliance as a competitive advantage. 3). An alliance can facilitate a business entry into or exit from, a new market or industry.

When improving business operations, alliances can leverage economies of scale. For instance, another division may be a place to off-load or transfer work because their facilities have equipment that can run higher production volumes thus reducing cost on a per unit basis. However, such internal production transfers are not the only answer. Maybe another company possesses this special capacity and will produce your product at lower cost to you.

When creating a competitive environment, companies work together in a way that allows each of their products to work

or perform on a level playing field. For instance, if entertainment systems controllers like DVD and TV remotes operate using the same infrared-red technology and signaling patterns then replacement and third party combination remote controllers can manufacture dual use products that reduce the amount of controllers the customer needs to use. The brand of entertainment equipment does not have to be a factor in product selection when industry standard signaling is used instead of proprietary signaling.

A strategic alliance is also very useful to facilitate entry into a new market when the entering company lacks the skills and/or capabilities required to succeed in the entry process. If learning the new skills or developing the capability is more expensive than developing an alliance with a company already so equipped, then the alliance makes sense to ease entry into the market.

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“What’s in it for them”, Team Spirit

What’s in it for them? Seems like a irrelevant question to many managers focused on moving forward with an important project or initiative that they have personally created and sold to their company. But the truth is, *what’s in it for them* is very relevant...to *them*. *Them* have names and faces and are the people in the teams you rely on. Teams want to not only be useful and work with purpose but they also want to be on the winning project. The one that contributes value to the company, the customer, and the shareholders. At the end of the day, job satisfaction is measured by gratitude, reward, benefits, and the pleasure that comes with saying ‘yeah, I work for Company ABC’. Employees brag when they have Team Spirit. Do your employees have Team Spirit?

Project Management Skills

"...interpersonal skills are necessary to interact with a wide range of individuals." -robert majdak

Alliances... ↓

Similarly, as a company exits a market, the scaling back of internal office operations can be facilitated by another company that can replicate these processes during the exit. Examples could be payroll, accounts receivable and accounts payable. This will allow the exiting company the time to focus on other exit tasks in the production and inventory control areas while operations staff are scaled back early in the exit process.

Project management skills are a diverse skill set that can be applied to small one-day events to large two-year process projects. Many larger scale projects become a launch point for several smaller projects handled by several leaders under the direction of a larger project owner.

While complexity of project skills varies upon the scale and type of projects at hand, there are typically six skills you should be looking for: 1). Demonstrated project management skills associated with development and support of business applications, (identifying tasks, allocating resources, developing project timelines, managing project

budget, communication of project status). 2). Assumes a broad view and accepts accountability that supports the project within area of responsibility, ability to achieve objectives and work through obstacles. 3). Ability to lead a team, and promote team effectiveness through strong organizational skills, handles increasing levels of responsibility. 4). Excellent communication, both oral and written, and interpersonal skills are necessary to interact with a wide range of individuals. 5). Ability to build relationships with other areas of the organization. 6). Takes broad business perspective when making decisions.

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