



Strategic Alliances: Becoming Big Business in a Small Business World

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There is no question that small business drives today's economy. According to the Small Business Administration, small business – those with less than 500 employees – make up¹:

97% of US employer firms	64% of net new private sector jobs
49.2% of private-sector employment	42.9% of private-sector payroll
43% of high-tech employment	98% of firms exporting goods
33% of exporting value	

That is the good news. The bad news for small business owners is that 61% of our country's economic output is generated by the remaining 1% of the businesses – “Big Business.” How is it possible to compete against such enormous odds? Many small businesses answer the question by forming Strategic Alliances.

A Strategic Alliance is formed between two companies to combine resources so that both companies increase the number of products or services they offer, without adding costs to their organization. Each business remains autonomous and pursues its own revenue, but they come together when a project requires the resources of the other company. This enables both businesses to compete for much larger jobs than they could separately.

With so much depending on the success of a Strategic Alliance, how do you find a business that will make a good teammate? Perhaps the best advice is to *work at it!* Define the type of organization that will be a good fit for you, and *find them*. Use networking opportunities for the express purpose of building alliances. Find good “fits,” and provide a forum for generating business for each other. If appropriate, add a third organization to your Strategic Alliance that enhances the capabilities of all three businesses. You are now on your way to becoming a Big Business in a Small Business World!

It is important to evaluate Strategic Alliances very carefully before entering into any agreements. Here are three tips gleaned from our years of building strong relationships:

1. Make sure that each of you shares similar beliefs relating to product quality and customer service.
2. Only team up with an organization that is already successful, and has sufficient resources to handle increased business as you both grow.
3. Be sure you absolutely trust both the organization and the people running it.

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¹ http://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf