



University Spin-offs Alliance:

From the idea to the market through mentoring and transnational entrepreneurial teams

Partners and partnership

Module 2

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Introduction

Developing a partnership play essential part in business. It can help to ease lots of the processes, like, increase capital or provide necessary expertise. Additionally, partnership can be developed on both – national and international levels. Important aspect to remember, is that there are quite a lot of organizations and tools that can facilitate and ease the process of developing partnership – business incubators, institutions, EU tools and programmes.

The main goal of the developed material is to provide the basic knowledge about the partnership and the processes of its development.

The developed document will provide the opportunity to reach the following outcomes:

- The opportunity to define what kind of partnership "would be entrepreneurs" are looking for;
- The understanding on how partnerships can look like;
- The ability to identify different ways of using partnerships;
- The understanding on what challenges could be faced in the process of developing partnerships;
- The ability to identify the possible ways on how EU can help.

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Main points



What do you think?



**Authors of
the material**

Definition of partnership



The partnership has a significant place in the process of any business development and growth, especially on its start-up stage. The partnership can be expressed in different forms, starting from the companies cooperating with the aim to develop a common product or service to sharing knowledge, competences and ideas.

In a broad sense, looking at the partnership concept as a whole it is possible to define several definitions of a partnerships in different aspects:

noun

1.

the state of being a partner or partners.

"we should go on working together in partnership"

2.

an association of two or more people as partners.

"an increase in partnerships with housing associations"

Following definitions show the perspective of what the partnership can be, they create a perspective that partnership can start be started from two players and be grow much bigger in different cases.

Partnerships for daily business operations

From national and international business perspective it is possible to create different kinds of partnerships with the aim to secure your daily business operations. In most cases you will be in need to create partnerships with your local lawyers, local accountants and different manufacturing partners depending on your business field to make your business work. This type of the partnership has a significant meaning as a basic level for those cases when it is necessary to run the business on a daily basis and secure its livelihood.



What do you think?

What partnership means to you?

Main points:

- Business partners;
- State institutions and NGOs;
- Lawyers;
- Accountants.

Partnership for innovation in entrepreneurship



In most cases it is possible to see that innovation becomes a reality in those cases where different stakeholders or different players come together and try to match their ideas with the aim to create some new products and try to innovate. The

partnership for innovation in entrepreneurship is significantly visible in a different sectors of the businesses all over the world, especially during the times of pandemics when different businesses are trying to merge their services to make them more digital than it was before. Therefore the partnership for innovation has a significant meaning from the perspective of merging different ideas together and creating new ideas between different players on specific matters.

Partnerships for business expansion

Partnerships for business expansion are quite relevant with the partnerships for innovation. However it is significantly important to understand the difference. Businesses develop the following type of partnership when their goal is to expand your business with the aim to operate on a wider scope. In this case partnership is created with a specific business purpose - to expand your business, that will lead to higher profits. From the perspective of partnership development, partnerships for business expansion will have mostly the financial basis due to your main goal will be to raise your business revenue. Moreover, it is important to remember that in some cases the partnership for innovation will lead to partnership for business expansion, that will make these 2



Main points:

**Partnerships for
daily business
operations**

types of partnerships connected between each other, however it does not happen all the time.

Main points:

- Business development;
- Expansion of contacts and networking;
- Partnership for specific business project development (e.g. IT + mechanics).



Main points:

**Partnerships for
business
expansion**

Partnerships for launching products or services



In case of partnership for launching products or services businesses merge their resources to try to launch some new products. It can be considered as a part of innovation as well, however the difference is that in case of the

following type of partnership businesses already have the understanding what they would like to reach and do not try to innovate something new, they already have the idea of the product itself but they are putting resources together just to help to launch these new products or services. Partnerships for launching products or services can be used for international cooperation between companies due to in specific cases the localization of different products and services is a tricky issue in the process of expanding business abroad. Partnerships for launching products or services mostly are used for entering international market.

Partnerships for added value

It is quite difficult to define the partnerships for added value by any specific mean. Partnerships for added value are not directly connected to launching a new product or starting a new innovation process in the in the business itself, but would rather lead to different kind of lobbying activities with the aim to expand business network or activities, to better understand business environment. Partnerships for added value can be considered as a “soft” partnership part of the business which can help to gain different results on different matters.



Main points:

- Lobbying;
- Business contacts;
- Understanding and information accessibility.



Main points:

***Partnerships for
added value***

How can partnerships look like?

From the business perspective it is possible to point out two main directions of the partnership - national partnerships and international partnerships.

National partnerships



 The definition of national partnership can be understood from the wide perspective. In larger European states there are significantly more opportunities for the creating national partnership. Due to this, aspects that should be taken into account for developing national partnership might be different based on the state. However there are specific elements that are common for the national level without division into regions, number of inhabitants.

 The first level of national partnership is local and municipal partnerships that are closely related to the furthest level of governance. While specific issues might be significant to one business and have the less importance to other business, but both businesses are still affected by the local municipality and local processes. Local and municipal partnerships are mostly important for smaller businesses and businesses that operate in the smaller market (Cafes or businesses that aimed at the local consumers).

 Evaluating national partnership as a bigger concept, in most cases it is relevant on supporting businesses at their start-up phases. When the business development is based on defining partnerships on the local level, it will mostly connected with the national level where the businesses are established and where the first basics of the business are carried out.



**What do you
think?**

**What kind of
partnership you would
like to develop?**

 National partnerships have an essential importance in cases where smaller businesses have specific industry needs – for example when a small business is in the position where they need to create a partnership with some manufacturers, in most cases for the smaller businesses it will be much easier to start these partnerships on a national level due to taking into account manufacturing capacity it will be harder for a smaller business to find a partner abroad while local partners on smaller business cases will be much more relevant especially for the starting phase of the business. When the smaller business work mostly with the local consumers, it is essential on how local customers understand this business and how they can use provided services.

 National partnerships play an important role for medium businesses that are trying to expand their operation to larger market. In some European countries the national market are much larger than in other states – expanding business to larger national market or to international markets could be really rather complicated process if there is no partnerships on national or international level. In this case the business that comes from the specific region but want to expand its activities to the whole national level, it is necessary to create the partnership would different agencies or other companies from the country.

 In larger countries the national specifics might be significantly different among all national regions. The necessity of creating partnerships all around the state would be really important for easing up the supply chains for the national businesses. One of the best example of this case is the food production industry where the supply chains are quite ineffective in European Union and there could be much better results in the supply chains for this specific industry. This is one of actual topics where national partnerships actually could help (where the food comes from the farm and gets to the dish of the every person). Overall creating the national partnerships and shortening supply chains it is possible to ease the pressure on the environment.

 National partnerships are significantly important in the process of hands-on networking and exchanges of experiences. Businesses should receive the experience from different markets and exchange it on the national level, it can help to boost other businesses. These business exchange experiences help to support higher ratings of the export in European Union as well.

 National partnerships are important regarding matters of national specifications. Even though European Union synchronizes different business regulations on the European level, for example regulations on taxing or employment policy, specific national traditions and regulations should be taken into account as well.

Main points:

- Starting a business;
- Smaller businesses with specific industry matters;
- Smaller businesses with main focus to local market;
- Medium businesses who expand in large local markets;
- Manufacturing and ease of supply chains;
- Hands-on networking and exchange of experience;
- National specificity – regulations, traditions, etc.
- Local and municipal partnerships – matters related to furthest level of governance.



Main points:

**National
partnerships**

International partnerships



 International partnerships are more important in the cases of business scale-up and gaining much more wide experience regarding a wider scope of the business activities. International partnerships are really relevant for the cases when you want to expand your business internationally, find new markets and new opportunities for produced products and services. International partnerships depends on different European states. If the national market of the specific country is larger than the company from other EU state that want to enter this market (have larger national market capacity, expansion possibilities), the perspective of international partnerships can affect heavily on how we see the business environment from our national states.

International partnerships are important for cultural exchange for business purposes. It helps to understand how businesses and business culture works in the different parts of Europe and in different parts of the world as well.

Within the international partnership it is possible to understand how we can cooperate with European institutions and how we can create partnership to help to develop European policies. Overall, international partnership provide the opportunity to expand businesses and help national businesses to grow.

One of the most important points of international experience regarding different kinds of business activities is that it is possible to see that different markets all around the world brings new different challenges to our businesses and creating partnerships to exchange cultures not only among European states but among different continents is really crucial for businesses to be able to understand what are the needs of the customers on different markets nowadays.

Main points:

- Scalable products & projects;
- Cultural exchange for business purposes;
- International lobbying;
- International experience.



Main points:

***International
partnerships***

How to use partnership?

There are specific practical questions regarding how it is possible to use partnerships and what it is necessary to do when business owner or representative understand that they are in a need of partnership.



Defining partnerships

 One of the most important point is the process of defining the partnership, understanding the aims of the partnership you need to create. When the business owner or representative is in the position or situation when they think that they need to establish new partnership on a national or international level, it is necessary to understand the main idea of defining partnership – whether there is the necessity to secure daily business operations or try to expand the business or want to create innovation in your business. Basically the first thing that should be done is to understand the purpose of the potential partnership.

 The expected outcomes of the partnership should be taken into consideration as well. When you establish a partnership with the aim of innovation, it is necessary to understand what will be innovated. While the partnerships for added value would be the one that would help to understand what is the most useful thing for your business. In some cases there can be situations when you define a new partnership for creating new innovation in your business, but in a short term you would understand that this partnership is pretty useless specifically for you because the partnership is not moving you in the direction you wanted to achieve.

Main points:

- What is actual situation you want to create partnership on?
- What are expected outcomes?



Main points:

**Defining
partnerships**

Relevant considerations

Several relevant considerations should be taken into account while defining your partnership, creating partnership using partnerships as a tool to expand your business.



 Working with the stakeholder mapping. Stakeholder mapping is the process where the business owners identify their partners, work with them together on different kinds of matters. It is necessary to define who are the main stakeholders that work in the target sectors and who can help to understand the specific situations. As the example, such kind of stakeholders can be ministries, representatives of non-governmental sector, related associations. It is essential to define what information can be provided by each stakeholder and through the process of stakeholder mapping it is possible to find the answers on the most relevant topics - how to define partnership purposes and how specific stakeholders can help in your business development.

 The desired involvement level should be considered as well. Active/Heading vs. passive/following. Each partnership is heavily depended whether business owner chooses to be an active or heading partner in the partnership or decided to be passive or following partner in the partnership. Each partnership will create the necessary benefits when it is led correctly and actively. In some cases it can be really irrelevant to create partnerships which don't have any long-term perspectives. Developing partnership, each involved party should be totally sure about how active and how involved partner they would like to be.

Main points:

- Stakeholder mapping;
- Decision on involvement level.



Main points:

**Relevant
considerations**

Possible partnerships



National partnership examples

- From the national perspective of creating partnership, one of the main players are National Chambers. Chambers are relevant partners in business processes and their expansion all around Europe – the main reason is that Chambers are business associations which connect businesses from different kinds of industries. While there are associations that represent specific industries, Chambers are the key contact point for those businesses that want to get a bigger scope of activities in specific business environment. Basically Chambers can be considered as the one the best examples of national partnership for business.

- It is important to mention business incubators that have the common practice throughout Europe. Business incubators provide the opportunity to exchange relevant experiences and relevant new business cases with different businesses. The process of innovation in some cases is mostly related to higher investments and new business developments – on the national level business incubators and innovation hubs are strategically important channels that provide the opportunity to expand your business.

- Meanwhile industry associations provide the added value to expertise level of companies from specific industries, provide the opportunity to create partnerships between companies that represent one industry and provide possible connections which can be useful for creating new partnerships and developing and innovating businesses. Through the industry associations businesses get the new chances of networking and a totally different perspective on industry regulations. Overall the industry associations play a significant role in providing their support in the process of developing local partnership.

Main points:

- Chambers;
- Business incubators and agencies;
- Industry associations.

International partnership examples

 Evaluating partnership from the international level, 2 main players should be highlighted: EUROCHAMBRES as the association of European chambers of commerce and industry and International Chamber of Commerce and Industry. These are the largest business associations on the international level that provide the support to national businesses to gain perspective on international agenda.

 The international perspective give the better chance to be competitive against different regions and different parts of the world. International partnerships help to grow on the national level as well. Industry associations on international level can bring extra added value to businesses on EU level. However it is important to remember that not all industries have these international lobbying organizations or international professional organizations for partnerships.

 International partnership provide more opportunities for educating yourself as a partner in the larger process. When you see the policy developments only from the national perspective, in most cases you would be around for three years behind from the regulations or discussions happening on the EU level. International partnerships can help to understand the future much better. European support in creating the international partnership – Erasmus+ is one of the interesting programme from the business perspective to exchange experiences. First direction – the education of young entrepreneurs, the process of creating international mindset on the business. In that way it is possible to secure that by the support of European Union and European Union programs also the already established businesses which are not scaled to desired level could use these channels of support as well.

Main points:

- EUROCHAMBRES and ICC;
- Industry associations on European level;
- EU projects on experience exchange (e.g. Erasmus+).



Main points:

**National
partnerships
examples**



Main points:

**International
partnerships
examples**

Challenges in partnerships



failed.

No matter what type of partnership you are going to create, it is strategically important to define possible challenge that can be faced both on national and international level in the process as it can reduce the risk that the partnership will be

Identification



When you are not able to identify what kind of partnership for your business you are really interested in, what are your main goals in creating a partnership, what is your target outcome, there is a high risk that you will not be able to reach the results you wanted or you intended to reach by this specific partnership. For each business owner or business representative it is important to understand what is the main purpose of creating the partnership. By identifying your stakeholders, your interests – in that way is possible to create a successful partnership.

Sustaining partnership



From the humanitarian view when the partnership is already created, it is still necessary to sustain your partnership. In some specific cases it would be easier to find some organizations or different businesses that would like to be partners on different matters. Each partner takes different roles in the partnership, as its quality is heavily depend on how partners sustain their business relations between each other. It is important always to be clear on what is your possible involvement level in the partnership can be, how your involvement level will be crucial to the sustainability of the created partnership. If the business owner is not ready to involve their resources in the partnership on that level which is necessary for the successful and sustained partnership, it is important to considerate whether this partnership will be relevant for the business.

Stakeholder management



Stakeholder management is essential in the context of sustaining the partnership. The issue of stakeholder management can be relevant for reaching the target results of the

partnership. The significant importance - what are the roles of the each partner. Looking from the perspective of your position as a partner, you should constantly work with different stakeholder management questions. If you are a heading or leading partner of the partnership you should always have the understanding what are the needs and ideas of all involved parties. If you are the following partner, you should have the ability to listen, to follow, and to understand those steps which are made by the lead partner.

Stakeholder risks



Stakeholder risk is one of those challenges that can make your partnership to collapse. If the stakeholder management and all related processes will not be carried out as the thoughtful process, there is a high risk that some of the target stakeholders will not support your activities that might lead that the goals of the developed partnerships will not be reached.

Expenses



Although in some cases it will cost totally nothing to create some new partnerships, it might cost significant involvement. Business owners should always keep in mind that while working with the identification of the partnership, they need to evaluate possible expenses. From the business perspective you should always look at it from the financial side of their company. When the business owner is keen to create a new partnership and wants to raise their company's revenue, they should remember they will have to involve their working hours, to involve working hours of their employees, to involve their resources into partnership development. In some cases they will have some expenses for membership fees in the organizations as well. However it is important to keep in mind that while you have these expenses today, these investments in your partnership will be useful for the longer period of time.

Restrictions and online partnerships



The topic of restrictions and online partnerships is quite essential nowadays during the worldwide pandemic period. The following challenges will be relevant for the next couple of years. Partnerships that are created “on the spot”, when it is possible to have face-to-face meeting have more benefits and higher added value than partnership which is created and developed mostly online. Online created partnerships has a risk to

have some communication issues as it is a challenge to create the strong bond between partners. This challenge can have an impact on sustaining your partnership and stakeholder management as well but it is important to take into consideration that these are specific circumstances, which cannot be influenced or changed by one of the parties.



What do you think?

Do you consider mentioned challenges as significant in the process of developing partnership?

EU support



Two important things should be taken into consideration regarding the perspective of receiving support from European Union in the process of creating the partnership.

1. ERASMUS+ - the programme which enables you as a business owner or a business representative to get better connections with different businesses all around Europe. The programme can help not only to create national partnerships but also international partnerships which, in turn, provides more opportunities for bigger benefits.
2. European Union actively supports organizations that operate on a national level. Basically not only those institutions that work with international projects, but also organizations that work with different kinds of business environment development projects but on the national level.

Based on the support that can be received from European Union, it is possible to raise awareness on different topics which are used in the larger European policies but at some point not so relevant in the national policies. Different programmes that are supported by European Union are directed to such kind of initiative like the local information exchange among businesses. European Union can help on creating both international partnerships and partnerships on the national level on the higher quality.

Conclusions

- One of the most important things that should be taken into consideration while creating the partnership will be *the identification of your needs*. It is strategically important to define whether your needs correspond to the partnerships on the national or only international level. You should identify your potential partners and stakeholders, possible risks and what will be your role in the developed partnership.
- If you try to sustain the partnership by not considering relevant aspects, there is the risk to fail in the partnership and it will not be helpful and productive as it was originally planned.
- It is important to understand stakeholder management and stakeholder management risks, how it is possible to use our stakeholders with the aim to reach our targets without facing any difficult issues that we might not be able to handle. It always should be considered what the potential expenses can be not only from the fiscal point but also from the involvement point of view.
- It is strategically important to consider and evaluate those restrictions that constantly come into force worldwide.

Practical questions

1. What partnership means to you?

2. What kind of partnership you would like to develop?

3. Do you consider challenges in partnerships as significant in the process of developing partnership?



Sources

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