MASTER

Developing alliance management at Alliander
an exploratory research of how alliance management should be built within firms by determining factors that affect the design of it, to successfully create alliances in innovation

Koster, M.D.

Award date:
2012

Link to publication

Disclaimer
This document contains a student thesis (bachelor's or master's), as authored by a student at Eindhoven University of Technology. Student theses are made available in the TU/e repository upon obtaining the required degree. The grade received is not published on the document as presented in the repository. The required complexity or quality of research of student theses may vary by program, and the required minimum study period may vary in duration.

General rights
Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

• Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
• You may not further distribute the material or use it for any profit-making activity or commercial gain.
“An exploratory research of how alliance management should be built within firms by determining factors that affect the design of it, to successfully create alliances in innovation”

By

M.D. Koster

BSc Industrial Engineering and Management Sciences — TU/e 2008
Student identity number 0572872

In partial fulfillment of the requirements for the degree of

Master of Science
In Innovation Management

Supervisors:
Dr. M.M.A.H. Cloodt, TU/e, ITEM
Prof. Dr. A.P. de Man, VU, EWB
Reinders, B, Alliander N.V., Alliance Management
Abstract
In this study it was investigated how alliances are currently managed at Alliander and other firms. Suggestions for improvement were made by making a new organizational design for Alliance Management. In order to come to a design the building blocks of alliance management were investigated. The study found that firms should diversify their alliance management processes in order to both stimulate and effectively manage Bottom-Up and Top-Down formed alliances. In addition, explorative research found that several factors affect the design of alliance management. This confirms the statement that alliance management is not the same in every firm (Draulans et al. (2003), Heimeriks (2008) and Zollo & Winter (2002)). The discovered factors were geared towards Alliander, creating a unique design for Alliander.
Preface

This report is the result of a master thesis project in Innovation Management, conducted at Alliander. I have been able to carry out the project inside this organization, at the headquarters in Arnhem. This was a very interesting experience, also because it gave me the opportunity to gain additional insights into ‘real business life’.

To start, I am in particular grateful to my first supervisor of the TU/e, Drs. Myriam Cloodt, for guiding me through the whole process of this master thesis. In particular for providing me advice on literature, reading my writings thoroughly and providing adequate feedback on my writings. Moreover, I want to point out her enthusiasm in her work and her availability when I wanted even just to pay a quick visit.

Second, I would like to thank prof. dr. A.P. de Man of the Vrije Universiteit of Amsterdam. His critical remarks proved to be of great help in improving the thesis structure and flow. Furthermore, I would like to take this opportunity to gratefully thank Bram Reinders for his support and ideas as well as for all the contacts provided to perform this research. Without his help, this project would not have been possible. In addition, many thanks to the department Alliance Management for the valuable input they gave. Basically the whole department supported me by asking questions leading to thorough discussions, helping with me with setting important appointments and more. It follows that I would like to thank Victor Nijenhuis, Marieke Rinsema, Marcel van Hest, Koen Schröder, Mari-Anne Vermeulen and Maarten Welmers.

As part of this project, many interviews were conducted with selected employees in and outside Alliander. I would like to thank the interviewees who took the time for these interviews. One interviewee, CEO Peter Molengraaf, I would like to thank in particular for creating the opportunity to present the results of this study to top management at Alliander.

Finally, I would like to thank my family and friends who were proofreading my thesis. Without their unconditional support, my studies would not have been such a great experience.

Mark Koster

Eindhoven, December 2011
Research Context
The study was performed at Alliander, the largest electricity and gas network firm in The Netherlands, with a market share of 38%. Alliander facilitates an increasing need for sustainable and implicitly decentralized production of energy, generally called the energy transition. The current energy grids are not designed (with ICT-solutions) to facilitate the energy transition.

Alliander's mission is to create a better society in the regions in which it operates. Consequently, there is a need to develop the current energy grids to facilitate these developments. To implement ICT-supported smart energy grids, Alliander needs to cooperate with many stakeholders. It follows that alliances are needed in order to facilitate the energy transition properly. How alliances can help Alliander is currently unclear, which justifies the following problem statement:

“It is unknown how alliance management should be built in Alliander, where the link between alliance management and strategy is missing. It is also unknown which factors are important that should determine how alliance management is designed.”

Research Objective
Part of the research objective is to investigate how alliances are currently managed at Alliander and other firms. Suggestions for improvement will be made by making a new organizational design for Alliance Management. In order to come to a design it was investigated what the building blocks of alliance management are.

Apart from the creation of this design, more insight in the defined literature gaps is provided. This means that this study provided insight in the effect of being a public private firm on alliance management, more insight on how alliances and alliance management are created (Top-Down vs. Bottom-Up), more insight in what the building blocks of alliance management actually are and which factors affect the design of alliance management. This results in the main research question:

“How should alliance management in firms be built and which factors determine its design when alliances in innovation are to be set-up successfully, especially within Alliander?”

Results
The research is divided in three analyses. First an analysis was performed of the current alliance management processes at Alliander and made more concretely by investigating the specific case Cyber-TEC. Second an analysis was performed of the internal view of the development of alliance management. Thirdly an analysis was performed of how external firms perform alliance management. These three analyses were combined into a SWOT of alliance management at Alliander presented in Table i.
## SWOT

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness of importance of alliances</td>
<td>Absence / misalignment of alliance strategy</td>
</tr>
<tr>
<td>Shift corporate strategy from operational excellence towards customer intimacy</td>
<td>Absence of an overview of alliances and therefore a Portfolio approach as well</td>
</tr>
<tr>
<td>Alliance responsibility is aligned with the current governance structure</td>
<td>Arbitrary partner selection</td>
</tr>
<tr>
<td>Legal department has expertise on alliances</td>
<td>Governance structure leading towards centrally made decisions</td>
</tr>
<tr>
<td>Strategy of alliances is checked with the department Strategy</td>
<td>Evaluation on alliance specific topics is not done</td>
</tr>
<tr>
<td>Daily management is usually performed by responsible department</td>
<td>Absence of a supportive alliance department</td>
</tr>
<tr>
<td>Culture program</td>
<td>Absence of competence framework in the management development program</td>
</tr>
<tr>
<td>Alliance Managers do not have the main decision rights</td>
<td>Alliance experiences are not shared across departments</td>
</tr>
<tr>
<td>Presence of both Bottom-Up and Top-Down alliances</td>
<td>Roles of alliance management, suggested by literature, are scarcely present</td>
</tr>
<tr>
<td></td>
<td>Lack of formality in the alliance process</td>
</tr>
<tr>
<td></td>
<td>Aggregation level is only on departmental level</td>
</tr>
<tr>
<td></td>
<td>Lack of ability to train employees in alliance competences</td>
</tr>
</tbody>
</table>

## Opportunities

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment demands a more external view of Alliander</td>
<td>Alliances are hard to use for revenue growth</td>
</tr>
<tr>
<td>Innovation is needed to contribute to the energy transition</td>
<td>Large impact of bad publicity when a faulty alliance has been made</td>
</tr>
<tr>
<td>Direction of energy transition is unclear</td>
<td>Stronger supervision by government</td>
</tr>
</tbody>
</table>

Table i: A SWOT analysis of alliance management at Alliander

### Design

The design is twofold, as there is a different design for business alliances and corporate alliances. Alliander has two types of alliances, namely business and corporate alliances. Business alliances are restricted to one department and corporate alliances span over multiple departments. The analysis showed the key insight that alliance management should be diverse and adjusted to the type of alliance. Firms should diversify its alliance management in order to deal with the different type of alliances.

A light corporate alliance management department (within the current department Strategy) should be set-up. The corporate alliance department formulates the alliance strategy, creates an overview of alliances which allows it to perform a portfolio approach and should develop a limited but critical amount of justified corporate alliances, realizing stimulation and facilitation of top-down formed alliances. Business alliances should be made by the departments themselves and thus not by the corporate alliance management department. Here the corporate alliance management department plays a supportive role. It makes sure knowledge is available at the different alliance lifecycle steps by involving experts on strategy, legal and finance are involved at the right time. This way alliances and alliance management are diversified correctly.
Conclusion
The literature review showed four literature gaps. This study provides insight in all four of the gaps. Each insight will be discussed shortly.

Gap 1: Alliance management building blocks
The start of the alliance building blocks was a study performed by Draulans et al. (1999) who divided firms in different levels of alliance management based on competence level. Their research was further investigated by adding new building blocks, such as the type of alliances, alliance formation, complexity, formalization, centralization and roles. Firms should be competent in using these levels of alliance management. Results are shown in Table ii.

<table>
<thead>
<tr>
<th>Level of Alliances</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of Alliances</td>
<td>Small</td>
<td>Reasonable</td>
<td>Large</td>
</tr>
<tr>
<td>Aggregation level</td>
<td>Individual</td>
<td>Group</td>
<td>Firm</td>
</tr>
<tr>
<td>Importance</td>
<td>Operational</td>
<td>High for certain divisions</td>
<td>Strategic for entire firm</td>
</tr>
<tr>
<td>Alignment with strategy</td>
<td>None</td>
<td>When it suits</td>
<td>Continuously monitored</td>
</tr>
<tr>
<td>Type alliances</td>
<td>Business</td>
<td>Divisional</td>
<td>Corporate</td>
</tr>
<tr>
<td>Alliance formation</td>
<td>Bottom-Up</td>
<td>Mixed</td>
<td>Top-Down</td>
</tr>
<tr>
<td>Complexity</td>
<td>Low</td>
<td>Low</td>
<td>Medium - High</td>
</tr>
<tr>
<td>Formalization</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Centralization</td>
<td>Centralized</td>
<td>Centralized</td>
<td>Centralized</td>
</tr>
<tr>
<td>Roles</td>
<td>Advisor</td>
<td>Advisor</td>
<td>Advisor</td>
</tr>
<tr>
<td></td>
<td>Expert</td>
<td>Expert</td>
<td>Expert</td>
</tr>
</tbody>
</table>

Table ii: Model of the development of alliance management.

Gap 2: Top-Down or Bottom-Up alliance development
Literature describes alliance development as either a Top-Down process or a Bottom-Up process. In a Top-Down process the corporate strategy defines the need to create a network strategy and from here partners are selected. In a Bottom-Up process alliances happen ad hoc with partners who seemed convenient for a local business manager without a specific link to the corporate strategy. A model was presented in a way in which both are applicable. Borker et al. (2004) defines three types of alliances each which are created at different levels.

- **Corporate alliances**: alliances between several departments and an external partner. Corporate alliances are usually formed by top management and are therefore Top-Down.
- **Divisional alliances**: alliances on a strategic level, between one department and an external partner. These alliances can be formed either Top-Down or Bottom-Up.
- **Business alliances**: alliances on an operational or tactical level, between one department and an external partner which can revolve around logistics, purchasing etc. Business alliances are formed Bottom-Up.

The main conclusion is that both processes are present at firms and a good indicator of which process is applied is the type of alliance (being corporate, divisional or business).

Gap 3: Public versus Private
Literature is based on alliances between private firms. Alliander gave the opportunity of looking into this topic by creating a sketch of the main differences in alliance management between public and private firms. A short overview of the differences:
Motive: Private organizations mainly have a monetary motive, where public organizations have a societal motive. Public firms are therefore more eager to share knowledge and innovations. This affects the level of formality on especially IP rights.

Easiness of alliance creation: Public organizations can form alliances with other public firms easily. However, when a public organization has an alliance with a private firm, the level playing field is not balanced anymore. Public firms have to be careful in partner selection.

Drive to alliance: Private organizations are pushed more into alliances and alliance management if only purely for survival reasons.

**Gap 4: Why alliance management is not the same in every firm.**

De Man (2006) concludes that there is not one model of an alliance department which will fit in every firm. An overview of the factors affecting the design of alliance management is shown in Table iii.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Effect on design of alliance management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of alliance</td>
<td>For each type (being corporate, divisional or business alliance) the design is different</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>High levels of formalization lead towards high levels of formalization of alliance management</td>
</tr>
<tr>
<td></td>
<td>High levels of centralization lead towards high levels of centralization of alliance management</td>
</tr>
<tr>
<td></td>
<td>High levels of complexity lead towards low levels of complexity of alliance management</td>
</tr>
<tr>
<td>Culture</td>
<td>Risk aversity affects the level of formalization and the role of alliance management</td>
</tr>
<tr>
<td>Strategy</td>
<td>The strategy of the firm should be the main driver of the design of alliance management</td>
</tr>
<tr>
<td>Size</td>
<td>Larger firms tend to develop less alliances</td>
</tr>
<tr>
<td>Sector</td>
<td>In sectors where alliances are vital for survival, alliance management is more developed</td>
</tr>
</tbody>
</table>

Table iii: Factors that affect the design of alliance management
Table of Contents

Abstract............................................................................................................................................. i
Preface................................................................................................................................................. ii
Management Summary ......................................................................................................................... iii
Table of Contents................................................................................................................................. vii
Explanation of Abbreviations .............................................................................................................. x
List of Figures & Tables......................................................................................................................... xi
1. Context of Research.......................................................................................................................... 1
   1.1 Introduction.................................................................................................................................. 1
   1.2 Problem definition ....................................................................................................................... 3
   1.3 Research objective ..................................................................................................................... 4
   1.4 Research Questions .................................................................................................................. 5
   1.5 Scope .......................................................................................................................................... 6
   1.6. Structure of this Thesis ............................................................................................................. 7
2. Research Design............................................................................................................................... 8
   2.1. Research Type .......................................................................................................................... 8
   2.2. Research Model ....................................................................................................................... 8
   2.3. Research Methodology ............................................................................................................ 10
   2.4. Assessment of the quality of the research ............................................................................. 13
   2.5. Conclusion .............................................................................................................................. 16
3. Literature .......................................................................................................................................... 17
   3.1 Introduction ................................................................................................................................ 17
   3.2. Introduction to Open Innovation ............................................................................................ 17
   3.3. Introduction to Alliances ......................................................................................................... 19
   3.4. Overview of Alliance Literature .............................................................................................. 22
       3.4.1 Three levels ........................................................................................................................ 22
       3.4.2. Network level: the model of De Man (2004) .................................................................. 23
       3.4.3. Business Strategy .......................................................................................................... 25
   3.5. Firm level: Alliance Management .......................................................................................... 29
       3.5.1 The need of Alliance Management .................................................................................. 29
       3.5.2. Alliance management; the mechanisms and roles .............................................................. 30
       3.5.4. Organizational building blocks ...................................................................................... 34
   3.6. Literature Gaps ....................................................................................................................... 36
Developing Alliance Management at Alliander

3.6.1. Gap 1: Alliance Management Building Blocks .................................................. 36
3.6.2. Gap 2: Top-Down vs Bottom-Up .......................................................................... 36
3.6.3. Gap 3: Alliance Management: always the same? .................................................. 38
3.6.4. Gap 4: Public versus Private .................................................................................. 39
3.6.5. Conclusion .............................................................................................................. 39
3.7. New model ................................................................................................................. 39
3.8. Representation of the model ...................................................................................... 41
4. Analysis .......................................................................................................................... 43
4.1 Introduction ................................................................................................................ 43
4.2 The Strategy ................................................................................................................ 43
4.2.1. Value disciplines .................................................................................................. 44
4.2.2. Complexity, Formalization and Centralization ...................................................... 45
4.2.3. Growth Strategy .................................................................................................. 45
4.3 Present design of alliance management ..................................................................... 49
4.3.1. Current process .................................................................................................... 49
4.3.2. Present Mechanisms ............................................................................................ 52
4.3.3. Complexity, formalization and centralization of alliance management ............... 53
4.3.4. Formation of Alliances: Top-Down or Bottom-Up? ............................................ 53
4.3.5. Level of Alliance Management ........................................................................... 54
4.4. Case Cyber-TEC ....................................................................................................... 55
4.4.1. Description of Cyber-TEC .................................................................................. 55
4.4.2. The alliance Cyber-TEC ..................................................................................... 55
4.5 Internal view of the development of alliance management ........................................ 58
4.6. External Set-ups of alliance management .................................................................. 61
4.7. Factors affecting the design of Alliance management ............................................... 66
4.8. Conclusion ................................................................................................................ 69
5. Design ............................................................................................................................ 70
5.1. Factors geared to Alliander ....................................................................................... 70
5.2. Overview: Current Design, Internal view and External view ..................................... 71
5.3. New design ............................................................................................................... 74
5.4. Conclusion ................................................................................................................. 74
6. Conclusion ...................................................................................................................... 80
6.1. Practical implications for Alliander ........................................................................... 81
6.1.1. Recommendations ............................................................................................... 83
6.2. Theoretical implications ........................................................................................... 84
Developing Alliance Management at Alliander

6.2.1. Gap 1: Alliance management building blocks ........................................ 84
6.2.2. Gap 2: Top-Down or Bottom-Up alliance development ........................ 86
6.2.3. Gap 3: Public versus Private ................................................................. 86
6.2.4. Gap 4: Why alliance management is not the same in every firm .......... 87
6.3. Managerial implications ............................................................................. 88
6.4. Assumptions ............................................................................................... 88
6.5. Limitations .................................................................................................. 88
6.6. Recommendations for future research ....................................................... 99
References ........................................................................................................ 91

Appendices ........................................................................................................ 95
Appendix I: Organizational structure ................................................................. 95
Appendix II: Smart Grid Road Map (In Dutch) ............................................... 96
Appendix III: List of orientation interviews and other orientation activities ... 97
Appendix IV: Representation of Problem mess at Alliander (in Dutch) .......... 98
Appendix V: List of in-depth interviews ............................................................ 99
Appendix VI: Interview protocol Directors (in Dutch) .................................... 100
Appendix VII: Interview protocol Alliance Managers (in Dutch) ................ 107
Appendix VIII: Interview External firms (in Dutch) ....................................... 114
Appendix IX: Motives why firms, or managers, engage alliances (Hagedoorn, 1993) .......................... 121
Appendix X: Current Research on alliance capability (Heimeriks, 2008) .... 122
Appendix XI: Description of mechanisms of an alliance department (In Dutch) .... 123
Appendix XII: Development path of alliance management at Philips .......... 124
Appendix XIII: Examples of alliances within Philips ...................................... 124
Appendix XIV: SWOT analysis (In Dutch) ....................................................... 125
Appendix XV: SOAR (Strengths, Opportunities, Aspirations, Results) analysis (In Dutch) .... 125
Appendix XVI: Overall view of trends affecting Alliander (In Dutch) ......... 126
Appendix XVII: Strategic Themes of Alliander (In Dutch) ............................ 127
Appendix XVIII: Differences between a unprepared and prepared culture for alliances .... 127
Explanation of Abbreviations

Alliance Management Department – Sub department ‘Alliantie Management’ at department ‘Infostroom’

Alliander – Alliander N.V.

CEO – Chief Executive Officer

DSO – Distribution System Operator

EWB – Faculty of ‘Economische Wetenschappen en Bedrijfskunde’

ENCS - European Network for Cyber Security

ICT – Information Communication Technology

IP – Intellectual Property

Legal department – Staff Department ‘Juridische Zaken’

MT – Management Team

M&A – Merger and Acquisitions

Operations – Department of ‘Uitvoering’ of Liander, Alliander

PESTEL – Political, Economic, Social, Technological, Environmental and Legal

Purchasing department – Staff Department of ‘Inkoop’ of Alliander

ROI – Return On Investment

SOAR – Strengths, Opportunities, Aspirations and Results

Strategy department – Staff Department ‘Strategie’ of Alliander

SWOT – Strengths, Weaknesses, Opportunities and Threats

VU – Vrije Universiteit

WON - Wet Onafhankelijke Netbeheer
List of Figures

Figure 1: The energy supply chain and Alliander’s position
Figure 2: The structure of this thesis
Figure 3: The regulative cycle
Figure 4: The design of this study
Figure 5: Each paragraph sharpens the focus of this literature review
Figure 6: Closed Innovation (Chesbrough 2003)
Figure 7: Open Innovation (Chesbrough 2003)
Figure 8: Number of newly established alliances (De Man and Duysters, 2007)
Figure 9: Growth of alliance contribution to market value of companies
Figure 10: The network process model (De Man, 2004) with the focus on the early stages
Figure 11: Core competences in Hardjono’s model (2000)
Figure 12: Value disciplines combined with competences
Figure 13 ROI and success rates between ad hoc firms and ‘best in class’ firms (Boonstra, 2007)
Figure 14: Functions of alliance management in different organizational layers
Figure 15: Levels of alliance experience
Figure 16: Role of mechanisms in alliance capability development
Figure 17: The new model on development of alliance management and its factors determining its shape.
Figure 18: Value disciplines and the move from operational excellence towards customer intimacy
Figure 19: The importance of each strategy for revenue growth for Alliander in percentages
Figure 20: The importance of each strategy in general for Alliander in percentages
Figure 21: The importance of each growth strategy in innovation at Alliander in percentages
Figure 22: An overview of process of the creation of an alliance
Figure 23: Steps of developing an Alliance and the involved parties
Figure 24: Displaying the different steps during the formation of Cyber-TEC
Figure 25: The ranking of the different roles of alliance management
Figure 26: The design of decental organized firms
Figure 27: The design of a centrally organized firm A
Figure 28: A different design of a centrally organized firm B
Figure 29: The different designs per alliance type at Firm A
Figure 30: Matrix to plot firms alliances with their corresponding alliance management level
Figure 31: Overview of functions involved in the design of alliance management
Figure 31: The design of the alliance lifecycle steps in business alliances
Figure 32: The design of the alliance lifecycle steps in corporate alliances
Figure 33: Building blocks complexity, formalization and centralization and the two types of alliances

List of Tables

Table 1: The three varieties of research (Van de Sande, 2009)
Table 2: The eight components to assess the rigor and relevance of a study
Table 3: Spectrum on which alliances take place
Table 4: Three levels of alliance research
Table 5: The four value disciplines further explained (Ewalds, 2010)
Table 6: Advantages and disadvantages of each growth strategy (Ewalds, 2010)
Table 7: Factors that influence the choice between growth strategies (Ewalds, 2010)
Table 8: Percentage of EU firms that implemented alliance management techniques
Table 9: Four groups of mechanisms used in alliance management
Table 10: Categorizing alliance mechanisms into the four learning processes of Kale and Singh (2007)
Table 11: Levels of alliance management further explained
Table 12: Factors that affect the design of alliance management
Table 13: Overview of the current design, the internal and external view of alliance management
Table 14: A SWOT analysis of alliance management at Alliander
Table 15: Model of the development of alliance management.
Table 16: Suggested factors and factors found in this research, affecting the design of alliance management
1. Context of Research

The British novelist Samuel Butler (1835 – 1902)\(^1\) once said:

‘Union may be strength, but it is mere blind brute strength unless wisely directed’

The direction of alliances is important. This master thesis will describe alliances and more importantly, the direction of alliances or alliance management.

1.1 Introduction

This master thesis research project investigates the topic alliance management at Alliander N.V., further to be named as Alliander. To introduce readers into this topic, relevant background information will be discussed first. Therefore the profile of the firm Alliander and the practical context of this research at Alliander are treated shortly. This should create understanding of the context of this research. This chapter will be concluded by presenting the problem statement.

Profile of Alliander

Alliander is the largest electricity and gas network firm in The Netherlands, with a market share of 38%. Core activities are legally mandated as the Dutch government considers reliable supply of gas and electricity critical. The core activities involve:

- Connecting customers to the electricity grid
- Transporting electricity and gas
- Building, maintaining, expanding and repairing energy grids
- Solving power failures and gas leaks
- Facilitating the liberalized energy market by enabling the customer to switch between suppliers

Electricity grids below 50 kilovolts and gas networks with a pressure below 8 bars are operated by Alliander. Electricity and gas networks with a higher voltage or pressure are operated by national operators TenneT TSO B.V. (for electricity) and GTS B.V. (for gas). Alliander was formally known as Nuon N.V. which consisted of both a network operator as a production/supply firm. Due to the unbundling act in 2009 (known as the WON\(^2\)), the firm was obliged to unbundle into a network operator and a supply firm. This act meant that parts of the energy supply chain were liberalized. This is also depicted in Figure 1.

---

\(^1\) For more information go to: [http://www.teara.govt.nz/en/biographies/1b55/1](http://www.teara.govt.nz/en/biographies/1b55/1)

\(^2\) Wet Onafhankelijke Netbeheer
Currently, Alliander employs around 5300 fte’s with a revenue of €1,43 billion and a operating profit of €330 million. The shareholders of Alliander are the provinces of Gelderland, Noord-Holland and Friesland and the municipality of Amsterdam, making Alliander a public firm.

**Alliander’s organization**

Alliander consists of three business units, Liander, Liandon and the recently acquired Endinet. The organizational diagram is shown in Appendix I. Liander and Endinet perform the core activities, as mentioned earlier, in regions of the provinces Gelderland, Noord-Holland, Zuid-Holland, Flevoland, Friesland and Noord-Brabant. Liander and Endinet account for 95% of the revenues. Core activities are legally mandated by the office of Energy Regulation which monitors Liander’s and Endinet’s activities.

Liandon does operate in a liberalized market. The core activities involve designing, building and maintaining complex private energy grids and large industrial installations. Liandon also designs, builds and maintains energy technology in the field of electricity, gas, heating and sustainable energy. Liandon is therefore the centre of knowledge and is the main responsible for innovation in Alliander.

**1.1.1. Market Context: From Energy Transition towards Smart Grids**

The energy production is shifting towards more sustainable energy sources using sun, wind, water and bio-fuels. Among Alliander’s customers there is a growing awareness of the shift needed in energy production. This shift is generally called the energy transition and consists of:

- Shift from fossil towards sustainable energy sources
- Increasing demand of electricity (caused by for instance the emergence electric cars)
- Increasing decentral production of electricity by consumers making them ‘prosumers’

The current energy grids are not designed to facilitate the energy transition. Energy grids were designed for transportation of electricity in one direction, thus from central production sites towards the consumers. Decentralized production by solar panels, wind mills and heat pumps will cause that electricity will be transported in two directions at an increasing rate.

---

Alliander's customers will increasingly be producers and consumers at the same time.
Consequently, there is a need to develop the current energy grids to facilitate the energy transition. Applying information technology will make the energy grid smarter, hence the term ‘Smart Grids’. Smart grids are a collection of innovations within energy grids, which will partly make the energy grid ready for the future. It is expected investments are needed to expand the current energy grid as well due to the increasing demand in electricity.

1.1.2. Development of Smart Grids within Alliander
Alliander wishes to create a better society in the regions it is active. The energy transition is seen as a positive movement, in which Alliander wishes to play a facilitating role. The word facilitating is important. Alliander tends to work together with all stakeholders including customers, suppliers, other DSO’s, governments (local, national and European) and others. This means that many projects are done in cooperation with other organizations. It follows that alliances are formed during the development of Smart Grids. In appendix II the current projects on the topic Smart Grids (around 200) within Alliander are displayed.

1.1.3. Department ‘Infostroom’ and Alliance Management
The department Infostroom manages the traditional meters as well as the development, implementation and exploitation of smart meters. Smart meters will be part of Smart Grids where around 5 million smart meters will be installed at customers the upcoming years. The realization of smart meters and corresponding systems will therefore be the largest operational and technological challenge for Alliander the next years. The department Infostroom has eight sub departments including the sub department Alliance Management.

Originally the first task of the Alliance Management department was to foster the collaboration between other DSO’s within the Netherlands on the area of smart meters. After this task was performed the department shifted its focus into spotting cooperation opportunities with other organizations, also in the area of smart meters. Currently the department is also creating its first alliance outside the area of smart meters. Activities of this department mainly focus at the creation of alliances and not so much on the management part of it (although it happens that employees within this department ‘get stuck’ within the alliance and perform the management part of it as well).

This master thesis research project was started from the perspective of the Alliance Management department. The Alliance Management department currently exists one-and-a half year. This means that the activities performed by the department are new not only to the department, but also to the firm itself. The main challenge for the Alliance Management department derived from the above is to embed the topic alliance management within Alliander. The next chapter will discuss the problem definition more elaborate.

1.2 Problem definition
Business problems are not given, cannot be discovered, but are choices of influential stakeholders in the context of a mess of opinions and value judgments, called problem mess, on which they work on. They choose to work on this issue as they have the perception that significant performance improvement is feasible within acceptable constraints on time and effort (Van Aken et al. 2007).

---

4 Distribution System Operators (DSOs) are responsible for energy distribution in medium and low voltage grids
The problem statement at Alliander is made in the same way. The problem mess has been created by orientation at Alliander via interviews and activities. An overview of this can be seen in Appendix III. In Appendix IV the complete problem mess can be seen as well.

The problem mess shows six main themes which surround alliance management. These themes are:

- **Innovation**, where the firm sees alliances as a way to innovate, but there seems to be some resistance to conduct innovation via alliances.
- **Strategy**, where the firm has five main strategic themes. One of them is collaboration. It is unclear how this translates towards making and managing of alliances.
- The missing link with strategy which follows from the absence of the translation from strategy towards the making of alliances. Issues on how to create a strong basis for an alliance within the firm, coordination of alliances and alliance resources are present here.
- **Role outside Alliander**, where the current Alliance Management Department is currently seen as a way to keep contact with the outside world, especially with the European Commission.
- **Role inside Alliander**, where it is unclear which role alliance management can or should play.
- **Scope**, where it is unclear within the firm what alliances actually are and the notice that many departments actually form alliances.

As shown each theme is linked with several other themes making it a true problem mess. From this problem mess the key issue can be derived. This key problem is addressed in the following problem statement:

**Problem statement:**

> "It is unknown how alliance management should be built in Alliander, where the link between alliance management and strategy is missing. It is also unknown which factors are important that should determine how alliance management is designed."

It is concluded based upon the orientation findings and the problem mess that it could be highly beneficial to investigate the degree of importance of alliances and alliance management within Alliander. If alliances do play an important role, one should investigate how alliance management could be implemented within firms, especially within Alliander. This should lead to a design of alliance management that fits the organization.

**1.3 Research objective**

The research objective is twofold. First, the objective is to create a design of alliance management. This involves formulating an alliance strategy, which is the basis of developing alliance management. It should involve an advice on how the building blocks of alliance management should be designed within Alliander and why these building blocks are put this way.

Second, more insight in the literature gaps should be provided. The literature gaps will be presented in the next chapter Literature. This means that after this study more insight is created.
Developing Alliance Management at Alliander

in the affect of being a public private firm and alliance management, more insight on how alliances and alliance management are created (Top-Down vs. Bottom-Up), and finally more insight in what the building blocks of alliance management actually are and which factors affect the design of alliance management.

1.4 Research Questions

Based on the conclusions of the problem definition the need to design alliance management was derived. Succeeding this conclusion is the main research question;

**Main research Question:**

“How should alliance management in firms be built and which factors determine its design when alliances in innovation are to be set-up successfully, especially within Alliander?”

The main research question will be answered via the five sub – questions:

**Sub-question 1:**

“What is the business strategy and corresponding alliance strategy of Alliander?”

In this sub-question the main strategy of Alliander will be investigated. The business strategy should be translated into an alliance strategy answering the question whether Alliander wants to be good at creating alliances or not. It follows that it should answer the question if Alliander needs to develop alliance management.

**Sub-question 2:**

“What building blocks are available in the design of alliance management?”

This question should be answered partly by literature, partly by practice. Literature can help answering questions what is available in functions, tools, processes and others related to alliance managements. It can help to create an understanding what building blocks should be used when considering a design for alliance management. Practice can help in showing insights how alliances are created, whether alliances are formed Top-Down or Bottom-Up and what building blocks are currently used.

**Sub-question 3:**

“Which factors can determine the design of alliance management and how do they affect this design?”

Practice can help as well determining the factors that indicate how alliance management should be developed. Via a benchmark, factors affecting the design can not only be discovered, but
Developing Alliance Management at Alliander

descriptive relations might also be discovered. Additional attention is given to the factor of being a public firm, which might be an important factor on the design of alliance management.

**Sub-question 4:**

“How is alliance management currently employed within Alliander?”

This sub-question is a follow-up on sub-question 2. Sub-question 2 first states what alliance management *can* consist of and sub-question 4 investigates which of the alliance management mechanisms are currently implemented within Alliander. Finally the current situation can be compared with the answer from sub-question 1, which states the alliance strategy, and one could see if the defined alliance strategy matches with the way alliance management is currently implemented within Alliander.

**Sub-question 5:**

“How should alliance management look like within Alliander”

Sub-question 5 follows from sub-question 4, which ends with a statement whether the alliance strategy and the current design of alliance management is misaligned within Alliander. To answer this question the answers from sub-question 1 and 3 are helpful. The design of alliance management should fit the organization and its context (sub-question 3 – factors determining the design of alliance management) and the design should be aligned with the firm’s strategy (sub-question 1). Sub-question 5 should answer how and which building blocks of alliance management, should be implemented in Alliander.

**1.5 Scope**

The first scope is made in which field alliances take place. The scope in this thesis is on alliances made with an innovation perspective. Thus alliances which are setup in the earlier development phases are the focus of this study.

It follows that the focus of this study is on alliance managers that form and manage the alliances in the innovation area. At Alliander this means that not only alliance managers within the department Alliance Management, but also alliance managers outside this department are involved. Within Alliander this means that the general focus is on the development of smart meters and smart grids.

**Out of scope**

It follows that alliances outside the innovation area, such as alliances to enter new markets and vertical alliances in logistics, are out of scope. As the research objective stated, the deliverable of this study is a design of alliance management in Alliander. Steps towards the realization of this design are then not included due to time constraints. This will be picked up by a team member of the current alliance management team.
1.6. Structure of this Thesis

This thesis starts with a chapter introduction on the context of this research and the description of the problem statement followed by the research questions. The next chapter describes the design of this research which consists of the description of the methodology and an assessment of the quality of this research. This is followed by a chapter of literature. Here an overview of the current literature, literature gaps and a new model to explain the literature gaps, will be presented. After this the analysis and results of the research will be discussed followed by the new design of alliance management at Alliander. Finally this master thesis will be concluded with a discussion of the results and the impact of this research on both practical and theoretical issues. The structure of this thesis is depicted in Figure 2.

Figure 4: The structure of this thesis
This chapter presents the research plan. In the research plan the researcher indicates what is to be researched, how the research is going to be performed and how the quality of the research can be ensured.

**2.1. Research Type**

Research studies come in three kinds, being exploratory, descriptive or causal. Table 1 gives an overview of these three varieties.

<table>
<thead>
<tr>
<th></th>
<th>Exploratory</th>
<th>Descriptive</th>
<th>Causal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives</strong></td>
<td>Discovery of ideas and insights</td>
<td>Description of characteristics or</td>
<td>Determining cause and effect</td>
</tr>
<tr>
<td></td>
<td></td>
<td>functions</td>
<td>relationships</td>
</tr>
<tr>
<td><strong>Characteristics</strong></td>
<td>Flexible Versatile At the front end of the total research</td>
<td>formulation of hypothesis Pre-planned and structured design</td>
<td>Manipulation of one or more independent variables Control or other variables</td>
</tr>
<tr>
<td><strong>Methods</strong></td>
<td>Expert surveys</td>
<td>Secondary data</td>
<td>Experiments</td>
</tr>
<tr>
<td></td>
<td>Pilot surveys</td>
<td>Surveys</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Case Studies</td>
<td>Panels</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Secondary data</td>
<td>Observations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Qualitative Research</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Findings</strong></td>
<td>Tentative</td>
<td>Conclusive</td>
<td>Conclusive</td>
</tr>
<tr>
<td></td>
<td>Generally followed by further exploratory or conclusive research</td>
<td>Findings used as an input into decision making</td>
<td>Findings used as an input into decision making</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1: The three varieties of research (Van de Sande, 2009)

The three varieties can be seen as in the perspective of maturity of a specific field of science. When the field is relatively new to science with only a few studies performed in this field, such as alliance management, exploratory studies are useful to discover insights in how different concepts relate to each other. It follows that this study is explorative. When the field is sufficiently explored, descriptive studies are used to test hypotheses. Finally when the field of study is more mature, causal studies are performed to determine cause and effect relationships.

Findings in this study are used as an input into decision making and relations between concepts are sketched. This means this study has some properties of a descriptive study. The findings are however tentative and not conclusive, thus the conclusion is that this study is mainly explorative.

**2.2. Research Model**

The research model will follow the model developed by Van Aken et al. (2007) that follows a business problem solving approach. This model is chosen because this approach has the key component of business problem solving in a real life context. Van Aken et al. (2007) state that a full business problem solving project has three parts:
Developing Alliance Management at Alliander

- **Design**: in which a redesign of the business system or organizational unit is made based on the problem definition, analysis and diagnosis, a change plan for introducing the redesign; and the development of organizational support structure for the solution and change plan.
- **Change**: the redesign is realized through changes in organizational roles and routines, plus the possible implementation of new tools or information systems.
- **Learning**: in which the client organization learns to operate within the new system and with the new instruments, and learns to realize the intended performance improvement.

In a graduation project, students usually leave after the design part. This is also the case in this research.

Business problem solving research generally follow the learning or reflective cycle (van Aken et al., 2007). In the case of the research problem at Alliander, the regulative cycle is selected because a solution design will be developed, where technological rules are developed (or at least sketched), which will be based on the reflection of the results derived from the regulative cycle (van Aken et al., 2007). The regulative cycle is chosen because the regulative cycle is applied in studies that require business problem solving (Van Aken et al., 2007). The regulative cycle of Van Strien (1997) will be applied. Figure 3 shows the basic process.

![Figure 3: The regulative cycle](image)

This study will focus on the steps problem mess, problem definition, analysis and diagnosis and stop half way during plan of action. As discussed, the implementation plan falls out of scope in this business problem solution. The steps will now shortly be explained.

The problem definition step drives the whole project. The problem should be large enough that its solution contributes significantly to performance and small enough to be solved within the prevailing constraints in time and effort (Van Aken, 2007).

The analysis and diagnosis is the analytical part of the project where traditional methods of business research, qualitative and quantitative, can be used. This step produces specific knowledge on the context and nature of the problem, where concepts like validity and reliability are used.

The plan of action step involves designing the solution for the problem and the associated change plan. Ideally a systematic review of the literature should result in a range of solution
concepts to solve the business problem. Out of this range an appropriate solution is chosen, whereupon a specific variant of it is designed, adapted to the specific problem and its context (Van Aken, 2007). This study will stop after designing the solution for the problem.

2.3. Research Methodology

Literature distinguished between qualitative and quantitative research methods (Van Aken et al. 2007). Qualitative methods refer to the discovery of qualities of things, where quantitative methods are oriented at the number or amount of these qualities. Qualitative understanding precedes quantitative analysis. As this is a relatively new research area, this study will therefore be a qualitative study. Thus qualitative methods will be used to gather data.

2.3.1. The case study approach

This study is of an exploratory nature. Case study research is the most appropriate method for ‘how and why’ questions (Yin, 2009) which is what is needed in exploratory studies. This case study approach is therefore the most suited method to analyze the development of alliance management within Alliander. The essence of a case study, is that it tries to illuminate a decision or a set of decisions: why they are taken, how they were implemented, and with what result (Yin, 2009). A case study design allows us to perform in-depth research that gains insight on the decision how to design alliance management and why this design is chosen. The development of alliance management in Alliander is a unique case in a unique context. For these reasons the case study design was chosen and the case is Alliander.

Choosing the case study design might have drawbacks. Perhaps the greatest concern is the lack of rigor in case study research. The assessment of rigor and relevance will therefore be explained further on. A second main issue is the common concern of generalizability in case studies. For this reason, more than one case (Alliander) is chosen to investigate the factors affecting the building blocks of alliance management and the building blocks themselves. This will be further explained in the topic external validity.

2.3.2. Research Project Design

The research design will give an overview of the research project with the steps involved and which data will be required with each step. The research design is based on the methodology of Yin (2003). Figure 4 gives the overview.
The project will start by developing theory on alliances and alliance management. An overview will be presented in the chapter Literature. Next is selecting the case, which will be the case of developing alliance management at Alliander. The design data collection protocol is presented in this paragraph, which will describe the process of collecting and analyzing data and involves an assessment of the quality of the research. This will conclude the definition and design phase (Yin, 2003).

Preparing, collecting and analyzing data will be started by creating a contextual framework. This is done via orientation interviews and available documentation internally and externally. Then the problem statement and the choice of focus will be determined via a focus group. This focus group will consist of the members of the current alliance department.

Subsequently insights on the theoretical model and the design of alliance management will be gained internally and externally. Internally a group of directors will be interviewed who can answer sub-question 1, which is about the Alliander’s alliance strategy. In total 7 directors were interviewed. A group of ‘alliance managers’ will be interviewed to answer sub-question 4 and 5. The group of ‘alliance managers’ consist of people who deal with alliances in their daily work, but do not necessarily have to manage alliances themselves. In total 9 alliance managers were interviewed. Finally a case will be reviewed which will give concrete insights on how alliance management is currently set-up, which will answer sub-question 3 as well.

The external firms are questioned about sub-question 2 and 3, where they will be asked to give insights on their current alliance management. In total 7 external firms were investigated on how they have implemented alliance management and why they have done it that specific way. These firms were selected on the basis of availability, different sectors and on being a good mix between public- private firms. An overview of the interviews can be seen in Appendix V.
Combining the external and internal views will lead to the design of alliance management in Alliander. This design is presented at a focus group, being the top management of Alliander, where the design will further be improved by its context. Finally all conclusions will be aggregated by writing and presenting the report.

### 2.3.3. Unit(s) of analysis

The unit of analysis is the type of object that is the focus of interest. The unit of analysis here is an organizational unit, which is the department of alliance management. Clients and stakeholders of this department are then usually the unit of analysis (Van Aken et al. 2007).

### 2.3.4. Data sources

As this study will be a qualitative study, this part will explain the used methods to collect qualitative data. An overview of the used methods will be given.

#### 2.3.4.1. Literature

Literature will be used in this study. The study will focus on collecting scientific research on alliance management. The findings of this review on alliance management literature will be presented in the chapter Literature. Sources such as scientific journals, professional journals, books and conference readings are used as an input.

#### 2.3.4.2. Interview

In most business problem solving projects the interview is one of the main methods of data gathering. Interviewers have a dual role in the interview. The content orientated role, aimed at getting clear and unbiased answers to the research questions and the management role, aimed at managing the interview such as the time. The issue of confidentiality is mentioned where results of the interviews are anonymous. Also results will be fed back to the interviewee to check them on correctness.

#### 2.3.4.3. Focus groups

Some situations an interview of a group of people is also an effective way to get data. This is called a focus group. The advantage of focus groups is that they provide more insight in difference and similarities among group members. Also in a focus group one might find out if certain issues are truly intersubjectively shared (Van Aken et al. 2007). Focus groups can be used in multiple ways, where in this study two focus groups will be used. First a focus group will discuss the focus of this study including possible main research questions. The second group will be used for redesign, where top management in Alliander will be invited to participate in the discussion of the redesign of alliance management.

#### 2.3.4.4. Documentation

In many business problem solving projects it is helpful to use existing documents as a source of information. An advantage of documentation is that it may provide information that organization members have partly or completely forgotten. It is also a more reliable source of information than the opinion of an organization member. Documentation on the intranet of Alliander will be used and available documentation outside Alliander as well, such as reports of Netbeheer Nederland. Finally email correspondence will be used to gain more insights in the processes of alliances, specifically in the case of Cyber-TEC (ENCS).

---

5 Netbeheer Nederland is the trade organization of Dutch DSO’s
6 ENCS: European Network for Cyber Security
2.3.4.5. Specific case

A specific case will be investigated with the aim to make the alliance management more concrete. The case will be Cyber-TEC. This case is chosen because of the following criteria:

- The case represents a key case due to the inherent interest of the case or the circumstances surrounding it (Yin, 2003). This means that the case fits within the scope as this case is an alliance in open innovation (more partners are involved) and within the scope of Smart Meters and Smart Grids.
- The case represents a local knowledge case where the researcher has the local knowledge to "soak and poke" the interviewees and thereby offers reasoned lines of explanation based on this rich knowledge of the circumstances (Yin, 2003). This case is indeed very close to the current alliance management department and will be a good way to analyze current alliance management processes.
- The case is the most recent alliance case available, thus it provides the most up-to-date information.

By looking into documentation, email correspondence and interviews, data will be acquired on how alliances are formed. Further the case will set an example of how alliance management is currently arranged and will give insights in the current building blocks of alliance management of Alliander.

2.3.5. Data analysis

According to Yin (2009) data analysis strategy can be based on theoretical propositions, rival explanations or descriptive frameworks. This research will be analyzed with the use of a combination of available theoretical and descriptive frameworks, where this framework shaped the data collection, i.e. which data to collect.

The data analysis will be structured. Considerable thought will be put into place to reduce bias by for instance explaining concepts used in advance in order to prevent discrepancies in the understanding of these concepts. The interviews will be held in the language of the respondent, after which a summary of the most important findings will be sent to the same respondents. This summary can then be verified by the interviewee. The findings will be converted into tables, graphs and quotes to support the findings in the analysis.

2.4. Assessment of the quality of the research

This section will explain criteria that asses the quality of the research. First criteria on rigor and relevance will be discussed, whereas afterwards we will look at criteria such as controllability, reliability and validity.

2.4.1. Rigor and Relevance

There are eight components that measure the rigor and relevance of research (Shrivastava, 1997). Rigor refers to the question whether the research is well grounded in existing theories, is using the right analytical methods and outcomes should be supportive in examining the research questions. Relevance refers to the usefulness of this research for managers and whether the manager’s implications actually can make a difference in practice. The eight components are displayed in Table 2.
<table>
<thead>
<tr>
<th>Component</th>
<th>Assessment criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conceptual adequacy</td>
<td>The research is well grounded in a base discipline. It uses a conceptual framework consistent with existing theories in the field.</td>
</tr>
<tr>
<td>Methodological rigor</td>
<td>The research uses analytical methods and objective quantifiable data to empirically examine research questions.</td>
</tr>
<tr>
<td>Empirical evidence</td>
<td>The research has generated a substantial amount of accumulated empirical evidence supporting it.</td>
</tr>
<tr>
<td>Meaningfulness</td>
<td>The research is meaningful, understandable and adequately describes strategic problems faced by managers.</td>
</tr>
<tr>
<td>Goal relevance</td>
<td>The research contains performance indicators that are relevant to managers.</td>
</tr>
<tr>
<td>Operational validity</td>
<td>The research has clear implications that can be implemented using the guidelines of the research.</td>
</tr>
<tr>
<td>Innovativeness</td>
<td>The research transcends ‘commonsense’ solutions and provides non-obvious insights in practical problems.</td>
</tr>
<tr>
<td>Cost of implementation</td>
<td>The research solutions are feasible in terms of their cost and timeless</td>
</tr>
</tbody>
</table>

Table 2: The eight components to assess the rigor and relevance of a study

Rigor is mainly important if the researcher is planning to add valuable scientific knowledge to the literature. Conceptual adequacy is ensured because the research design has been set-up with a theoretical start point. Theory will be developed first. The use of multiple sources of data, triangulation, ensures that the used methods give different enriching views of the problem statement and its solution. The use of case studies can be regarded as a threat to empirical evidence (Yin, 2009), this is why multiples external parties are involved, each providing a mini-case, to extend the amount of empirical evidence.

Researchers performing a study at a firm imbed practical relevance in their research design. This is also applicable for this study. Meaningfulness and goal relevance should be assured through a thorough problem validation which should assure that the problem statement, the main and sub research questions capture a strategic important problem. Through numerous orientation interviews and a focus group this is achieved in this study.

For operational validity and cost of implementation, this study will deliver a design of alliance management within Alliander. This design should help implement alliance management in Alliander and thus has direct implications. Furthermore, it is planned that a management-trainee will use this design and will form an implementation design to transcend this design into reality. The cost of implementation will therefore be part of a change plan. Finally, looking at the level of innovativeness, the current field of alliance management is undeveloped on scientific and professional level, to say at least. It follows that the design will be new to science and professionals and is innovative.

Therefore this research has the properties of being both rigor and relevant.
Developing Alliance Management at Alliander

2.4.2. Project Quality
The most important research orientated quality criteria are controllability, reliability and validity which are important because they provide the basis for inter-subjective agreement on research results (Van Aken et al., 2007). These criteria can be used to assess the quality of research. Therefore these topics will be addressed.

2.4.2.1. Controllability
Controllability is prerequisite for the evaluation of validity and reliability. In order to make the results controllable, researchers have to reveal how data was collected. This means one have to clarify who the respondents are, what questions were asked, how the data from these respondents are analyzed and how conclusions are drawn from this. It must be possible to replicate the study and to come to the same results. This section on research design and methodology tends to accomplish just that. An overview of the persons interviewed and the interview protocols can be found in Appendix V, VI, VII and VIII.

2.4.2.2. Reliability
Results of a study are reliable when they are independent of the particular characteristics of that study and can therefore be replicated in other studies (Van Aken et al, 2007). There are four potential sources of bias which could affect reliability: the researcher, the instrument, the respondents and the situation. Therefore research with a different researcher, instruments, respondents and situation should lead to the same results.

A strategy to improve reliability is standardization which is the development and use of explicit procedures for data collection, analysis and interpretation (Van Aken et al, 2007). A way of doing this is by having structured interviews, instead of open interviews. In a structured interview, questions are predetermined. In open interviews the researchers and respondent have the freedom to dive into interesting topics when they appear in interviews. Due to the exploratory nature of this study, semi-structured interviews are chosen instead of fully structured interviews. This is because the study is set up to discover ideas and insights rather than be conclusive on certain topics. Collected data is therefore richer; however this set-up does have a drawback on reliability, recognized by the researcher.

Another strategy to improve reliability is triangulation which is the combination of multiple sources for getting useful data. This research methodology is a combination of interviews, documentation, literature and the use of focus groups. A strategy to improve reliability on respondents is to interview respondents which have as many possible roles, departments, groups etc. In this way people who are involved in the problem area are represented in the study. By interviewing not only alliance managers, but also directors of other departments as well as external persons (outside Alliander), the reliability is further increased. Regarding reliability on the situation, the researcher should attempt to create similar circumstances when interviewing such as the type of room one is in.

2.4.2.3. Validity
Validity is defined by employing the epistemological notion of justification (Van Aken et al, 2007) which means that validity refers to the relationship between a research result or conclusion and the way it has been generated. Validity presupposes reliability thus if a study is not reliable it limits the credibility that results obtained are true and valid. There are three types of validity, namely construct validity, internal validity and external validity.
2.4.2.4. **Construct validity**
Construct validity is the extent to which a measuring instrument measures what it is intended to measure (Van Aken et al. 2007). Construct validity is high if the way a concept is measured corresponds to the meaning of that concept. For instance in open interviews a concept can be covered completely or not. Construct validity can be improved by evaluating the instruments used. Does the instrument fit the meaning of the concept they intend to measure? Construct validity can be improved by triangulation again by using multiple instruments to measure.

2.4.2.5. **Internal validity**
Construct validity concerns the measurement of phenomena where internal validity concerns conclusions about the relationship between phenomena (Van Aken et al, 2007). Internal validity refers to the adequacy and completeness of suggested relationships. Internal validity is high when many causes of the problem statement are found. Studies therefore do well when they use multiple perspectives to find these causes. This is also the case in this study. It must be stated that the study is exploratory, which means that internal validity does not play an important role (Yin, 2009).

2.4.2.6. **External validity**
External validity refers to the generalizability of the result of the study. This issue is mainly important for theory-orientated research. Case studies are not sufficient to draw general conclusions on the basis of the single case. This study is mainly focused on making a design solution for a specific problem, therefore external validity is of less concern. Contributions to research are also possible and should not be ignored. The research design is therefore set-up to expand the single case into more cases, increasing external validity. It follows that the design made for Alliander can be adjusted towards a specific context of another firm. Finally Yin (2009) suggests that using theory in a case study improves external validity as well, which is done in this study. Therefore the external validity is increased, to create general insights which can be used by all type of firms by for instance public and private firms.

2.5. **Conclusion**
This chapter started with the description of how the research will be conducted by presenting the research type, research model and research methodology. This chapter concluded by an assessment of the quality of the research. The assessment showed that there is enough rigor and relevance in this study. Also looking at the controllability, reliability and validity, measures have been taken to improve each of these components.

In the next chapter of this report the available literature on alliance management is presented.
3. Literature

Scientific literature pays attention how alliances and alliance management take place at firms. It follows that literature can add value by reviewing firms that have already made steps in alliance management. This chapter will give an overview of the literature on this topic. In addition, literature gaps will be spotted. The gaps will be the main driver for creating a new model that would give more insight in the defined literature gaps.

3.1 Introduction

First the general setting of this review will be discussed with topics on open innovation and the role of alliances in open innovation. Alliances in general will be discussed complemented with why alliances exist and its main importance. After this introduction a general overview of scientific literature is presented which will consist of three levels (dyadic, firm and network level). Next is the presentation of the model of De Man (2004) which is a model of the network level perspective.

The next part will discuss existing literature on developing an Alliance department, which is on firm level. As we will see, literature on this topic is scarce which is why this review is concluded with literature gaps and a new theoretical model of the development of alliance management.

Another way of depicting the chapter Literature is that the focus will be narrower in each next review, describing further detail of the related topic. Figure 5 displays the scoping.

![Figure 5: Each paragraph sharpens the focus of this literature review](image)

3.2. Introduction to Open Innovation

3.2.1 Open Innovation

Foundation of open innovation literature was firstly provided by Chesbrough(2003). Chesbrough stated that in the last decade the innovation process was moving from ‘closed innovation’ towards ‘open innovation’. This is also represented in Figure 6 and Figure 7.

Closed innovation is the process where idea’s, inventions or technologies are developed internally. Here innovations generally start in the R&D department and finally move towards market introduction without involvement of external parties. Open innovation is the process where external parties are involved. External parties can be involved in the beginning of the
innovation process where ideas are exchanged, to the end of this process where i.e. joint market introduction is planned.

Chesbrough et al. (2006) defined open innovation as the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation. External ideas can commercialize within the firm or internal ideas can be spun off to find their way to commercialization. By doing this, companies can potentially create and capture higher value through various sources and routes (Chesbrough 2003).

3.2 Why open innovation?

Chesbrough (2003) gave four reasons why open innovation is a trend, where a fifth reason was introduced later:

- Highly educated people are more and more available, but also more mobile. Knowledge therefore does not remain within companies. In addition, there are always more smart people outside the firm than inside. Companies who do profit from knowledge outside the firm are able to create a competitive advantage.
- The venture capital market has grown the last decade. This makes it easier for people to start their own firm.
- There are now far more options for firms to commercialize knowledge. The development of new management and finance technique broadens the possibility letting knowledge flow across organization borderlines.
- There are more capable knowledge suppliers. Therefore not everything has to be developed internally. More knowledge is available on the market.
- The rapid pace of change in the markets makes it increasingly hard for companies to keep up. Collaborating with other firms can extend one’s own capabilities and can also accelerate innovative renewal (Hagedoorn 1993; Hagedoorn 1995).

3.2.3. Role of alliances within Open Innovation

Within the process of Open Innovation the network on which knowledge can be exchanged, is important. Alliances can be seen as the building blocks to create the network which stimulates open innovation. It follows that alliances are not present in closed innovation.

More and more the firm can be seen as a set of competences, embedded in a network of alliances with companies who supply complementary competences (De Man, 2006). Thus a firm’s embeddedness in its network crucially influences its behavior and performance (Walter, 2007).
Developing Alliance Management at Alliander

The growth of the knowledge economy results in the growth of knowledge networks where alliances are the building blocks. Therefore, with a further shift towards open innovation, one finds increasing participation within innovation networks and alliances (Penrose 1995; Powell 1996; Chesbrough 2003).

3.3. Introduction to Alliances

The concept of alliances has been used by many researchers for various types of inter-firm relationships (Osborn and Hagedoorn, 1997). Interest in alliances has grown and so has the number of definitions.

Duysters et al. (2002) collected the following; Alliances can be defined as:

- Voluntary, evolutionary and flexible organization forms (Osborn & Hagedoorn, 1997);
- Between two or more organizations (Duysters, 2001b);
- To realize both collective and individual goals (Varadarajan & Cunningham, 1995);
- Where products, service and technologies are exchanged (Gulati, 1998);
- While maintaining their own corporate identities (De Man, 2004)

The upper definitions do not state that alliances are also a mean to realize the strategy of a firm (Duysters et al., 2002). An alliance refers to a deal and a specific organization or contract; a strategic alliance (or in case of multiple strategic alliances; an alliance strategy) is much broader and deeper (Gomes-Casseres, 2004). The term strategic refers to alliances that are particularly geared towards realizing an improved product market combination for any of the firms involved (Duysters and Hagedoorn, 2000), as well as to shared goals and objectives or mutual benefits (Spekman et al, 1999). From here on strategic alliances will be referred as alliances.

3.3.1. Importance of Alliances

The number of alliances has grown significantly the last decades. This can also be seen Figure 8. From 1995 the number of alliances has been multiplied by ten. This can be seen as partial proof that open innovation and the use of alliances by firms are a real trend.

![Figure 8: Number of newly established alliances (De Man and Duysters, 2007)](image)

Not only has the number of alliances been growing, also the importance or impact on firms has significantly grown (Duysters et al., 2004). Results of the study of Duysters et al., (2004) are shown in Figure 9.
Roughly a quarter of alliances contributed to more than 40% of the market value of a firm in 2002. This same number has tripled in 2007, where three quarters of alliances contributed to more than 40% of the market value of a firm. This understates the importance of alliances nowadays in firms.

In addition, prior research has shown that alliance experienced firms achieve a 20% for ROI compared to 11% as a US industry average (Harbison and Pekar, 1998). Thus, alliance activities are a key management issue confirmed by recent surveys among top managers (Heimeriks, 2008).

3.3.2. Alliances as a trend

On a macro level, Duysters et al. (2002) collected general trends why firms have used alliances more and more:

- Competitive borders are fading (Booz-Allen & Hamilton, 2000);
- Developments in communications technology and trend towards global markets (Booz-Allen & Hamilton, 2000);
- Increasing competitiveness and consumers demanding solutions instead of products and services (Duysters, 2001a);
- Developments of standards and compatibility (Booz-Allen & Hamilton, 2000);
- Firms are increasingly better in building alliance capabilities and shaping and conducting alliances (Booz-Allen & Hamilton, 2000);
- Increasing dynamics and uncertainty where it is vital to have many options to create value for consumers (Duysters, 2001a);
- A superior value can be created by combining your own competences and those of the partner (Porter Lynch, 2001).

These trends can be seen as general trends which are also applicable in the bigger picture of open innovation. Firms generally perform more and more alliances in an open innovation setting.
3.3.3. Type of Alliances

Alliances come in various types, ranging on a spectrum of integration and exchange of resources (Lorange & Roos, 1995). Adapted from Van de Sande (2009) the Table 3 represents the spectrum on which alliances take place.

<table>
<thead>
<tr>
<th>Non-Alliance / Alliance</th>
<th>Non-Alliance</th>
<th>Alliance</th>
<th>Alliance</th>
<th>Alliance</th>
<th>Non-alliance</th>
<th>Non-Alliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractual / Equity</td>
<td>Contractual</td>
<td>Contractual</td>
<td>Equity</td>
<td>Equity</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Contractual cooperation / Equity cooperation / Integration</td>
<td>Contractual cooperation</td>
<td>Contractual cooperation</td>
<td>Equity cooperation</td>
<td>Equity cooperation</td>
<td>Integration</td>
<td>Integration</td>
</tr>
<tr>
<td>Different Forms/Names</td>
<td>Long-term Supply Contract</td>
<td>Joint development, production, marketing</td>
<td>Working Pool</td>
<td>Joint Venture</td>
<td>One-sided minority interest</td>
<td>Majority interest</td>
</tr>
<tr>
<td></td>
<td>Know-how agreement</td>
<td>Mutual Interest (cross-share holding)</td>
<td>Consortium</td>
<td></td>
<td>One-sided minority interest with controlling agreement</td>
<td>Merger</td>
</tr>
<tr>
<td></td>
<td>Licensing agreement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Acquisition</td>
</tr>
<tr>
<td>Flexibility / intensity - stability</td>
<td>Flexibility</td>
<td>Intensity - Stability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decentralized / Centralized</td>
<td>Decentralized</td>
<td>Centralized</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Spectrum on which alliances take place

As one can see the types are displayed on the scale of flexibility, intensity, stability and centralization based on Hoffman et al. (2001). Flexibility refers to extent that collaboration can be altered or terminated. Contracts can more be altered easier than a merger. This also affects stability where contracts are less stable than mergers. Intensity refers to the commitment and the amount of resources is devoted towards the collaboration. A contractual cooperation needs less attention compared to mergers. Finally centralization refers to the governance and whether decisions are made centrally or de-centrally. Contractual cooperation's can be situated for instance in one department such as purchasing where mergers are usually centrally led.

The focus of this thesis will be on the orange marked area, which are contractual cooperation's such as joint development, production and marketing as well as common working pools and consortia. The yellow marked area, also considered as alliances, is not the focus of this thesis. Important to state that both the yellow and orange alliance contribute to open innovation, whereas the white area’s include more traditional ways which relate to closed innovation.

3.3.4. Alliances and Failure

Alliances often fail. Researchers have reported that more than half of the alliances fail within the first four years (Wildeman, 1998). Over time, researchers have continued to report high failure rates, varying between 40 and 70% of all alliances (Duysters et al. 2004) Although different researchers rely on different performance measures to determine the level of success, in general they report high levels of unsatisfactory performance levels whether they refer to financial, relational or learning effects.

One reason for the large amount of failure is that firms do not have enough experience with alliances and alliance networks, as well as an inadequate capability to manage those (Draulans, de Man et al. 2003). The conclusion on this introduction to alliances is that revenues derived from alliances have increased and failure rates are high, it becomes a key managerial challenge for firm’s to understand how to enhance overall alliance success.
3.4. Overview of Alliance Literature

Following this conclusion, science has seen the importance and investigated the phenomenon’s alliance and alliance management. Literature can divided by three different levels, namely a dyadic level, the firm level and the network level (Duysters et al, 2004).

3.4.1 Three levels

The three levels can be seen as different perspectives to look at alliance management, each contributing to how alliance management is performed in firms.

The first level of alliance research is focused on a dyadic perspective on individual alliances. The unit of analyses is the alliance itself. Research on this level therefore focuses on the success and failure factors of an alliance between two firms. From literature, it becomes apparent that both ‘soft’ or relational issues (e.g. trust and commitment) and ‘hard’ or structural issues (e.g. strategic or goal fit and financial aspects) are important (Duysters et al. 2004). This implies that the alliance partners should pay sound attention to both contractual and relational issues. Although these dyadic factors are important, they tend to remain generic and leave undiscussed the intra-firm process of alliance capabilities, which also seem relevant understanding alliance performance (Ireland et al., 2002).

Thus the second level, the firm level, is based on intra firm antecedents of alliance performance. The main research question is how firms can manage their alliances overtime and why certain firms perform better in conducting alliances, also referred as alliance capability. An alliance capability refers to the underlying institutionalized managerial mechanisms used to accumulate alliance knowledge inside the individual firm and which facilitates the alliance capability development process (Kale and Singh, 1999).

The particular contributions of this stream of alliance research are threefold (Duysters et al., 2004). First, it emphasizes the need for firms to focus on internal aspects. In doing so, the attention of a firm will be turned towards its own resources and capabilities in order to improve the alliance success. Second, firm-level mechanisms are organizational attributes that help to disperse organizational knowledge related to alliance management. Consequently, firm-level mechanisms can play an important role in leveraging knowledge across a firm’s alliances by considering alliances as a portfolio rather than as a separate activity (Lorenzoni and Baden Fuller, 1995). Third, a firm may be less likely to blame the alliance partner(s) in the event an alliance is discontinued. Being more aware of its own role in the alliance, a firm may therefore be more apt to change its own routines by complementing existing mechanisms or creating new ones. For example, if an alliance fails because the wrong partner was selected, a firm may choose to start using or adapt a partner selection program for future alliances.

The third level of research in alliances focuses on alliances at the network level. As firms continue to ally themselves, networks start to emerge. The pattern therefore shifts from bilateral relations to a complete network of relations. Networks can be defined as the total set of actors within one industry and/or between related industries, which can potentially work together to add value to the customers (Omta et al., 2001). Since firms can to some extent deliberately design the network structure in which they cooperate and compete, the ability to structure and position themselves can become a source of competitive advantage (Gulati et al., 2000), which is the focus of research on this level. Contributions are twofold. First firms should consciously consider their network position and the structure of their network as this determines to a great
extent informational exchanges and future opportunities. Second, firms can make use of their network in order to increase the range of competences available to them. A process of sharing common knowledge in a strategic group, for example, can provide this (sub-) network with distinct competences (Dyer and Nobeoka, 2000). This way of thinking surpasses the dyadic level and tries to realize the potential advantages of the firm’s network.

Table 4 developed by Duysters et al. (2004), depicts the theories, contributions, concepts and examples of alliance research.

<table>
<thead>
<tr>
<th>Contributions</th>
<th>Dyadic or alliance level</th>
<th>Firm level</th>
<th>Network level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value creation in alliances using success factors for individual alliances</td>
<td>Value creation in alliances using firm-level mechanisms</td>
<td>Value creation in alliances through optimization of alliance portfolio</td>
</tr>
<tr>
<td>Concepts under investigation</td>
<td>Trust, commitment, partner fit, complementation</td>
<td>Alliance department, vice president of alliances, alliance database, alliance training, alliance metrics.</td>
<td>Industry structure, centrality, interblock relations, positioning, direct and indirect ties</td>
</tr>
<tr>
<td>Examples</td>
<td>Gerlanger (1991); Parkhe (1993b); Medcof (1997); Dass &amp; Teng (2000a); Kumaraswamy &amp; Rahman, 2002</td>
<td>Das &amp; Teng (2001); Nault &amp; Tyagi (2001); Hcang et al. (2002); Kale et al. (2002)</td>
<td>Gulati (1998); Gulati et al. (2000b); Das &amp; Teng (2002); Garcia-Pont &amp; Mohria, 2002; Uzzi &amp; Gillespie (2002)</td>
</tr>
</tbody>
</table>

**Table 4: Three levels of alliance research**

The focus of this thesis is mainly on the firm level. The network level provides an overview, in which one can focus on the firm level. This review will therefore focus on the early stages of the network process model and will then focus on a deeper discussion of literature on firm level.

### 3.4.2. Network level: the model of De Man (2004)

Firms nowadays try to shape their network towards their own advantage. De Man (2004) has made a seven-step model that addresses all steps within the network formation and management. In general, literature focuses on each step solely and does not provide an insight into the relations between these steps. This is somewhat surprising, as one can imagine the business strategy should affect the network strategy and for instance also the partner selection. The model does make an attempt to connect these parts, as it is one of the very few models who provide a non static view of the organizational processes in network formation. This is the main reason why this model has been picked as it tries to describe how alliances and networks take shape during time in an organization.

The model consists of seven steps, namely, business strategy, network strategy, network structure, partner selection, implementation, management and change, presented in Figure 10. All steps will shortly be discussed. The focus of this thesis is on the first step. Alliander has just begun its alliance management and is in the early stages of this model. Therefore the thesis should focus on the early stages of this model.
The steps in this model will shortly be explained:

**Business strategy:** Business strategy is the key to determining whether networks are necessary. Part of the business strategy is the vision and mission as well as strategic tools to analyze the business environment such as the SWOT and PEST(EL) analyses. Other factors to include are the value discipline and the growth strategy. Part of the business strategy is the alliance strategy. Important to state is that alliances are not a goal but a mean; a real strategic and management innovation process has to take place in order to create long lasting competitive advantage from alliances (Prahalad 1993; de Man 2004). Business strategy will be discussed further on.

**Network strategy:** Network strategy is a twofold issue. Network strategy requires firms to set goals on a network level and to determine their individual positions in the network. There are five main goals of a network (De Man, 2004). The discussion on these goals falls out of scope of this thesis.

**Network structure:** Within literature the main discussion on network structure is the argument of social capital (Coleman, 1990) and structural holes (Burt, 1992). The social capital theory suggests the best way to profit from networks is to build dense, trusting and long-term relationship. Structural holes theory however suggests the best way to profit from the network is to be a bridging partner that links two partners, or networks, that would not be connected to each otherwise. The discussion on these elements falls out of scope of this thesis.

**Partner selection:** Partner selection is not only determining the right number of partners, but also the type of partners required. The latter involves determining the criteria a partner has and the fit with the own firm as well with the network.

**Implementing:** The implementation stage is surrounded on two topics; the implementation of hard and soft topics. Still costly to implement, hard topics such as the implementation of an information system and governance systems, can be seen as relatively easy. Soft topics including culture, risk taking and employee motivations are difficult to change.
Management: Management revolves around maintaining progress and measuring performance while balancing the needs of multiple partners. Topics here include managing the performance of alliance and the network itself, tracking the progress of each alliance, balancing commitment, control versus trust and managing network knowledge. The dyadic level of alliance research, as discussed before, provides a whole range of topics on how alliances should be properly managed. As this is not the focus of this thesis, this topic is not further elaborated.

Change: The key message here is that once an alliance and the networks are formed, it does not imply that the job is done. Continuous change in the environment can affect your own strategic choices and those of others. This is also the strength of alliances and its corresponding networks; the ability to change in a changing environment. Whether the alliance will be successful or not in the long-run depends on how it anticipates on change from the start (Doz and Hamel 1998).

3.4.3. Business Strategy
Business strategy is the key to determining whether alliances are necessary (De Man, 2004). In addition, a firm must know itself before it can understand what type of partner it needs (Kanter, 1994). The business strategy starts with internal and external analyses. Vision and mission will be discussed together with the value discipline. Then possible shortcomings can be spotted. These shortcomings can be translated into a growth strategy where shortcomings are dealt with. Part of the growth strategy is the alliance strategy.

3.4.3.1. External environment
The external environment consists of trends and developments and an analysis should identify the competences needed to fulfill these developments. Macro environment tools like PESTEL (Politics, economics, social, technological, environmental and legal factors) and Porters Diamond (Porter, 1998) can be used. The most used tool for a competitive analysis is the five forces framework of Porter (1980) which identifies the forces shaping the competitive environment. An overview of the external environment of Alliander can be seen in Appendix XVI.

3.4.3.2. Internal environment
An analysis of the internal environment looks at the activities and competences a firm has or does not have. A SWOT analysis is one of the most used tools to link the external environment with the internal environment. A SWOT, as well as an SOAR analysis, can be seen in Appendix XV.

3.4.3.3. Value discipline
Taking into account the external and internal environment, a value discipline can be determined. Treacy and Wiersema (1993) developed three value disciplines, namely operational excellence, product leadership and customer intimacy. The fourth value discipline, supply comfort was added later.

---

7 For more Information: http://www.oup.com/uk/orc/bin/9780199296378/01student/additional/page_12.htm
8 For more Information: http://hbr.org/2008/01/the-five-competitive-forces-that-shape-strategy/ar/1
9 For more information: http://www.isu.edu/acadaff/swot/index.shtml
10 SOAR: Strengths, Opportunities, Aspirations and Results
Operational excellence focuses on optimizing the production and delivery of products and services. This leads to reliable products and services that are competitively priced and delivered with minimal difficulty or inconvenience. The focus lies on efficiency in for instance supply chain management and measuring systems.

Product Leadership focuses on offering leading-edge products and services to customers that consistently enhance the customer’s use or application of the product, thereby making rivals’ goods obsolete. Focus is on creativity, commercializing ideas (time to market), and innovation.

Customer intimacy focuses tailoring products and services that match demands of specific niches. The focus is not on the profit of an individual transaction but on the profit over the lifetime of the relationship with the customer. Customer relationship management tools are important here.

The fourth value, supply comfort, focuses on being internally on being flexible when it comes to configuring an optimal combination of services around an averagely priced averagely performing product they offer. This combination of services is offered at the right place, at the right time. Therefore the focus lies on customers who seek comfort and customers who feel urgency (Te Pas, 2009).

Kluin (2004) differentiated the first three value disciplines on value proposition, golden rule, core process and main characteristics. Supply comfort has been added to this table. Results are shown in Table 5.

<table>
<thead>
<tr>
<th>Value proposition</th>
<th>Operational Excellence</th>
<th>Product Leadership</th>
<th>Customer Intimacy</th>
<th>Supply Comfort</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variety kills efficiency</td>
<td>Best total cost</td>
<td>Best product</td>
<td>Best total solution</td>
<td>Optimal configurations of services and products</td>
</tr>
<tr>
<td>Core Process</td>
<td>End-to-end product delivery</td>
<td>Invention</td>
<td>Solve the client's broader problem</td>
<td>Offering at the right place at the right time</td>
</tr>
<tr>
<td>Main Characteristics</td>
<td>Product service with lowest total cost</td>
<td>Continuous Stream of state of the art products / services</td>
<td>Customer’s lifetime value is key</td>
<td>Being Internally flexible to provide customer comfort and urgency</td>
</tr>
</tbody>
</table>

Table 5: The four value disciplines further explained (Ewalds, 2010)

Table 5 states the main differences. The value proposition states the value the customer is going to receive in the end. The golden rule is the main rule or mindset how to reach the value proposition. The core process and main characteristics involve organizational processes. It is further stated that a firm should focus on one these disciplines combined that the other disciplines are performing according to industry standards.
The four disciplines can also be depicted on two scales, namely control versus change and internal versus external, developed by Hardjono (2000). An internally focused firm is optimizing its own structure and operations and tries to create competitive advantages by doing things better. An externally focused firm concentrates on its environment and tries to create competitive advantages by doing better things. A controlling firm focuses more on management building tools and mechanisms that help structure the work of employees. A firm focused on change is more entrepreneurial where it helps its employees to find opportunities and take their chances. Four different orientations, which are market, productivity, lean and innovativeness, can be determined (Hardjono, 1995).

- A market orientation is directed towards increasing effectiveness
- A productivity orientation is directed towards increasing efficiency
- An orientation towards making organizations lean is directed at increasing flexibility
- An orientation towards innovativeness is aimed at the creativity of an organization

Finally, Verhoef (2010) matched Hardjono’s model with the value disciplines. Hardjono’s and Verhoef’s model is depicted in Figure 11 and Figure 12.

**3.4.3.4. Mission and Vision**

Mission and Vision statements are nowadays incorporated within almost each firm. The mission describes the fundamental purpose of the firm. The mission statement should describe why the firm exists and it should describe how it should achieve its vision.

The vision defines the desired state of the firm in the future. A vision is a long term statement how the organization sees itself and the world in the future. It should be an inspiring statement which should also be the source of clear decision making criteria.

**3.4.3.5. Shortcomings and growth strategy**

From the mission and vision statement future competences of the firm can be determined. This can of course be compared with the current competences. The gap would define the shortcomings in competences, or the capability gap. The next step is of course how to acquire these capabilities. There are three growth strategies to complete missing competences: internal growth (sometimes mentioned as organic growth), M&A (mergers and acquisitions) and strategic alliances (Porter and Lynch, 2001). Each growth strategy has disadvantages and advantages, so firms should decide when to apply each growth strategy. Porter and Lynch (2001) summarized each pros and cons which are showed in Table 6.
Developing Alliance Management at Alliander

Table 6: Advantages and disadvantages of each growth strategy (Ewalds, 2010)

To help managers to choose between the growth strategies Porter and Lynch (2001) defined conditions when firms should choose each strategy. In uncertain environments where high risks are present, alliances are more appropriate. Environments with considerably low risk should choose for an internal growth strategy. Table 7 gives an overview on the factors influencing the appropriateness of a growth strategy.

3.4.3.6. Alliance Strategy

After determining the general business strategy, the business strategy can be translated towards an alliance strategy. One of the fundamental conclusions from the experience of the last decade, is that companies that have a ‘strategic alliance’ without a coherent ‘alliance strategy’ are almost sure to fail (Gomes-Casseres, 2004). Having an alliance strategy is a key aspect when entering alliances.

A strategic alliance refers to a deal and a specific organization or contract; an alliance strategy is much broader and deeper. Gomes-Casseres (2004) stated an alliance strategy has four elements:

- A business strategy that shapes the logic and design of an alliance;
- A dynamic view to guide the management of each alliance;
- A portfolio approach to manage the firm’s ‘constellations’ of alliances;
- An organizational infrastructure to build and sustain the alliance capability.

The four elements form a description rather than a definition of alliance strategy. The description shows the impact of alliance management within an organization.
3.5. Firm level: Alliance Management

3.5.1 The need of Alliance Management

As stated in the introduction, alliances often fail where researchers have reported failure rates between 40% and 70%. Part of the reason for this is that companies do not have enough alliance experience, nor have they built up adequate capability to manage alliances (Draulans et al., 2003).

All too often alliances are seen as outside ‘core’ operations and therefore are able to claim less resources (Gomes-Casseres, 2004). In fact, relying on someone else to implement a piece of your strategy may require more, not less, management effort. Firms that are doing this are frequently cited for their alliance capability. Kale et al. (2002) confirm the last statement as they say that a dedicated alliance function, which is a unit responsible for the strategic coordination of a firm’s alliance activities and the capturing of alliance related knowledge, can positively influence a firm’s alliance performance.

Firms are increasingly installing various alliance management techniques where for instance Borker et al. (2004) investigated how Philips, a Dutch conglomerate, tries to improve its alliance success rate. De Man (2005) investigated the degree in which firms perform alliance management techniques. His results are shown in Table 8.

<table>
<thead>
<tr>
<th>Alliance management technique</th>
<th>Percentage of EU firms that implemented techniques</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance database</td>
<td>55</td>
</tr>
<tr>
<td>Alliance handbook</td>
<td>33</td>
</tr>
<tr>
<td>VP Alliances</td>
<td>53</td>
</tr>
<tr>
<td>Alliance managers</td>
<td>78</td>
</tr>
<tr>
<td>Alliance management department</td>
<td>69</td>
</tr>
<tr>
<td>Standardized process for partner selection</td>
<td>67</td>
</tr>
<tr>
<td>Joint alliance evaluation with partner</td>
<td>75</td>
</tr>
<tr>
<td>External alliance training</td>
<td>32</td>
</tr>
<tr>
<td>Gatekeeper</td>
<td>40</td>
</tr>
<tr>
<td>Alliance specialist</td>
<td>73</td>
</tr>
</tbody>
</table>

Table 8: Percentage of EU firms that implemented alliance management techniques

Thus, it is apparent that highly successful alliance firms are consciously and successfully managing their alliance capabilities (Duysters et al., 2004). It does make a difference implementing alliance management techniques on ROI and success rates of alliances as Figure 13 shows.
Figure 13: Differences in ROI and success rates between ad hoc firms and firms who are ‘best in class’ (Boonstra, 2007)

Best practice firms, which apply the most advanced alliance management techniques, perform better on ROI. Also non financial goals, displayed as an overall alliance success rate, are achieved more by applying alliance management techniques. This study thus showed that ad hoc firms systematically underperform compared to best practice firms in alliances.

Research does show that a firm’s alliance experience has a positive effect on alliance performance. Learning-by-doing has a positive effect on the alliance performance, but there is a turning point at around six alliances (Draulans et al., 2003). Therefore there is a limit with learning-by-doing and by implementing management techniques one can improve the alliance performance further.

Although studies have repeatedly pointed to the fact that alliance experience has a positive influence, to date little attention has been devoted to how firms can develop alliance management in order to leverage their alliance performance (Heimeriks, 2008).

3.5.2. Alliance management; the mechanisms and roles

Literature on the activities of alliance management is divided into two sections. The main part of literature consists of the mechanisms an alliance department can use. These are sometimes also referred as alliance management techniques. In the end, various researchers posit that a firm can develop an alliance capability by internalizing alliance knowledge using these intra-firm mechanisms (Bamford and Ernst, 2003). Less is known on the roles of the alliance department. Available literature will be discussed.

3.5.2.1. Mechanisms

Various researchers confirm that firms develop their ability to manage alliances using a mixture of mechanisms. Harbison and Pekar (1998) refer to mechanisms as alliance specialist, sharing best practices, alliance repositories and installing an alliance office or department. Bamford and Ernst (2003) extensively discuss the different elements firms can use to create an advanced alliance infrastructure. This infrastructure consists of staff, tools, organization structure and information systems or databases. Freidheim (1998) analyzed how firms from different industries, e.g. Motorola, Hewlett Packard, BellSouth and Nortel, have prepared their organization to be successful in managing alliances. These firms relied on mechanisms such as workshops, trainings, exchange of experiences and a supportive internal infrastructure.
Heimeriks and Duijsters (2007) identified four groups of these mechanisms: functions, tools, control and management processes and external parties, illustrated in Table 9.

<table>
<thead>
<tr>
<th>Functions</th>
<th>Tools</th>
<th>Control &amp; Management processes</th>
<th>External parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice-President of Alliances</td>
<td>internal alliance training</td>
<td>rewards and bonuses for alliance managers</td>
<td>consultant</td>
</tr>
<tr>
<td>Alliance Department</td>
<td>external alliance training</td>
<td>rewards and bonuses for business managers</td>
<td>lawyer</td>
</tr>
<tr>
<td>Alliance specialist</td>
<td>training in intercultural management programme</td>
<td>formally structured knowledge exchange between alliance managers</td>
<td>mediator</td>
</tr>
<tr>
<td>Alliance manager</td>
<td>partner selection programme</td>
<td>use of own knowledge about national cultural differences</td>
<td>financial expert</td>
</tr>
<tr>
<td>Gatekeeper</td>
<td>joint business planning</td>
<td>Alliance metrics</td>
<td></td>
</tr>
<tr>
<td>Local alliance manager</td>
<td>alliance database</td>
<td>country-specific alliance policies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Intranet</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>best practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>culture program</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>partner program</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>individual alliance evaluation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>comparison of evaluations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>joint evaluations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 9: Four groups of mechanisms used in alliance management

An overview of the meaning of each mechanism (In Dutch) can be viewed in Appendix XI.

3.5.2.2. Functions

The group ‘functions’ refers to individual positions that manage the tasks for a firm related to alliances. Functions can help in gathering experiences and transfer experience to new situations as it helps structurally to coordinate alliance knowledge in the firm. Thus functions can enhance a firm’s ability to learn (Spekman et al. 1999). Also the creation of these functions increase external visibility and represent the fact that alliances are deemed important (Kale at el, 2002). In this way the chances that alliances fail because of lack of resources, lack of commitment or poor coordination are reduced.

Functions of alliance management can spread throughout different levels of the organization, from board level towards an operational team member of alliances. De Man (2006) gave an overview depicted in Figure 14 consisting of alliances sponsors, alliance experts, alliance managers and alliance team members.
Starting from the top is that important alliances can have a sponsor in the board of directives. The board member plays a role in managing relations on board level with partners. Alliances are often cross-functional and transgressing business units where problems can come into being with coordination and decision making where the board member plays a role removing these barriers. Therefore the board member can solve problems which cannot be solved on a lower level in the organization. Finally the board member can prioritize alliances and he can decide upon new business cases coming from alliances.

One level lower alliance experts in the alliance management department can be responsible for internal advice and knowledge management. This department is usually also responsible for portfolio management which consists of managing all alliances and identifying possible conflicts or synergies. Sometimes there is a need to add input from traditional departments in this department where legal experts, marketers or controllers have an alliance specialization.

In the end alliance management happens in the different business units where an alliance manager is responsible for daily management of alliance. The alliance manager leads the alliance team and makes sure the particular alliance is aligned with the business strategy of the own firm and the partner. Finally team members are responsible for the operational activities of the alliance.

3.5.2.3. **Tools**

The second group ‘tools’ are the practical mechanisms that help in daily alliance management issues. Tools are helpful to support functions as they help to share knowledge which will foster the collective competence of the firm (Zollo and Winter, 2002). For instance the use of evaluation techniques can help in realizing alliance objectives.

3.5.2.4. **Control and Management processes**

The third group called Control and Management processes are supporting specific aspects of alliance management such as control and accountability. These processes allow that learning happens at the firm level, the alliance level and the individual level. These processes, as with mechanism functions, can improve coordination.
3.5.2.5. External parties
The fourth group 'external parties' can complement the existing knowledge available in the firm. For instance third parties can assist in contractual arrangements in case of lawyers or in valuation in case of financial experts. External parties can not only solve practical problems, they can also assist in conflict resolution. External parties tend to be more objective which will bring an increased level of equality in the alliance process.

3.5.3. Roles
The different (combinations of) mechanisms can be put in such a way that it supplies the firm with different values. Literature on the roles of alliance management can play is limited. In total six roles are defined by literature (Bell and Lemmens, 2007; Doz and Hamel, 1998) which are expert, advisor, knowledge manager, trainer, network manager, mind setter.

3.5.3.1. Expert
The department is an expert on developing and implementing alliances. The expert role prevents ad hoc formations of alliance which can lead to wrong partner choice, waste of resources and a misfit with strategy. The expert role guides in different steps of the alliance lifecycle (Duysters et al., 2002), such as partner selection, setting up the alliance structure and the alliance contract. Finally it provides guidance in evaluating alliances. It has also various tools that support the department doing its job.

3.5.3.2. Advisor
The department advises business managers in the different stages. Business managers remain responsible for managing their alliance as they also play a leading role in creating alliances including negotiating in alliances. The department here has a supporting role. Advice is given not only on the alliance process, but also on the content of the alliance and project management. Sometimes the department is actively involved in the project and content management depending on the level of experience of the business manager with alliances and the resources available of the alliance department.

3.5.3.3. Knowledge Manager
The department collects insights and experiences of alliances and develops best practice documents. The department can look for these experiences inside and outside their own firm. Intranet can be used to store practical articles from journals, internal and external best practices, analyses of failing alliances and decision making tools. Besides intranet, meetings of alliance managers and other interested parties (such as legal experts) can help sharing knowledge.

3.5.3.4. Trainer
The department arranges trainings for starting alliance managers and for more experience alliance managers. For starting alliance managers topics on these trainings are classic pitfalls and how the alliance process helps to prevent these mistakes. For more experienced alliance managers training topics can be addressed towards a specific need.

3.5.3.5. Network manager
The department maps and manages the firm's network. This network is necessary to receive signals which business units want ally and to let the employees know that there is an alliance department. Next to developing the internal network, the external network can be built as well.
Developing Alliance Management at Alliander

Here current and past alliances with corresponding partners as well as leading scientists and consultants and other relevant parties can be managed into a network database.

3.5.3.6. Mind setter
Researchers have addressed the need for a different mindset in a firm to perform alliances successfully (Doz and Hamel, 1998; De Man, 2004; De Man 2006). As seen in Appendix XVIII, during the implementation of alliance networks of De Man (2004), firms need to change their mindset. The alliance management department can provide a role in this transition process. It can display successful alliances on a firm level, making people more open towards creating alliances. In addition it can display success stories also externally, making for instance the industry more alliance ready. Providing such success stories can be an accelerator where changing mindsets is usually time-consuming.

3.5.4. Organizational building blocks
When building alliance management within a firm, looking into organizational theory is valuable. This helps fitting alliance management within the firm’s organizational structure for instance. Organizational structure defines how tasks are to be allocated, who reports to whom, and the formal coordinating mechanisms (Robbins, 1990). Organizational structure has three components, namely complexity, formalization and centralization. Each of them will be discussed. Afterwards the impact on building alliance management will be handled.

3.5.4.1. Complexity
Complexity refers to the extent of differentiation within the organization. This includes the degree of specialization or division of labor, the number of levels in the organization’s hierarchy, and the extent to which the organization’s units are dispersed geographically (Robbins, 1990). Management’s decision to increase differentiation is made typically in the interests of economy and efficiency. The paradox is that the more complex an organization, the greater the need is for effective communication, coordination and control devices.

3.5.4.2. Formalization
Formalization refers to the degree to which an organization relies on rules and procedures to direct the behavior of employees (Robbins, 1990). Firms with a high degree of formalization provide jobs which are standardized. Some organizations operate with a minimum of rules and procedures while others, even quite small in size, have all kinds of rules and procedures that instruct employees. Formalization can lead to regulating employee’s behavior reducing variability and to better coordination as a highly coordinated group performs a precise set of standardized procedures.

3.5.4.3. Centralization
Centralization refers to where the decision making authority is located. Decision making can be highly centralized where problems flow upward and senior executives choose the appropriate action. In other firms the decision making is decentralized where authority is dispersed downward in the hierarchy.

Reasons for decentralization lie in the limited time managers have, where some decision rights can be given to others related to information and work overload. Organizations need to respond rapidly to changing conditions at the point where the change is taking place. Decentralization facilitates speedy action because it avoids the need to process the information through the vertical hierarchy (Robbins, 1990). Decentralization can also provide more detailed input into
the decision, as well as more motivation for employees to participate in the decision making process and the training opportunity is provided for lower level managers in decision making. Reasons for centralization are when comprehensive decisions have to be taken where top-level managers have a better position to see the big picture. Certain activities are clearly done more efficiently when centralized. This is why financial and legal decisions tend to be centralized.

3.5.5 Developing alliance management mechanism and roles
Developing alliance management refers to the underlying institutionalized managerial mechanisms used to accumulate alliance knowledge inside the individual firm and which facilitates the alliance capability development process (Kale and Singh, 1999). Detailed studies on the exact contents of alliance management and how firms can internally nurture it are virtually non-existent (Gulati, 1998). A few authors since then have developed only a handful of theories. This field of study is therefore in its infancy as results seem to be scattered and little is known about the precise process of capability development (Duysters, 2004).

3.3.5.1. Which mechanisms first?
Kale and Singh (2007) divided the mechanisms into four learning processes of alliance management which are articulation, codification, sharing and internalization. The efforts of accessing and externalizing individually held knowledge into explicit knowledge, is referred to as ‘articulation.’ Codification involves creating and using knowledge objects or resources such as alliance guidelines, checklists, or manuals to assist action or decision making in future alliance situations. Knowledge sharing involves exchanging and disseminating individually and organizationally held alliance management knowledge, which is both tacit and/or codified, through interpersonal interaction within the organization. Internalization involves efforts to facilitate absorption of accumulated organizational level knowhow by individuals. Table 10 shows the four learning processes with their respective mechanisms, categorized by Van de Sande (2009).

<table>
<thead>
<tr>
<th>Articulation</th>
<th>Codification</th>
<th>Sharing</th>
<th>Internalization</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Alliance Evaluation</td>
<td>Partner Program</td>
<td>Joint business planning</td>
<td>Intranet</td>
<td>Alliance specialist</td>
</tr>
<tr>
<td>Alliance Metrics</td>
<td>Best Practices</td>
<td>Joint Evaluations</td>
<td>External alliance training</td>
<td>Alliance manager</td>
</tr>
<tr>
<td>Alliance Database</td>
<td>Standard Partner Selection</td>
<td>Incentives for alliance managers</td>
<td>Internal alliance training</td>
<td>Alliance department</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cross Alliance Evaluations</td>
<td></td>
<td>VP of alliances</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incentives for business managers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 10: Categorizing alliance mechanisms into the four learning processes of Kale and Singh (2007)

Table 10 shows two main groups: articulation with codification and sharing with internalization. The first two categories focus on capturing data and the creation of knowledge, where the second group focuses on spreading this data and knowledge in the firm. It follows that if new mechanisms are to be developed for a firm with none or little alliance experience, the firm should choose to develop the mechanisms showed in articulation and codification (Van de Sande, 2009).
3.6. Literature Gaps
The literature review will now be concluded by summarizing the gaps found in this literature. In chronologic order the gaps are:
- Alliance management building blocks
- Top-Down or Bottom-Up
- Why alliance management is not the same in every firm
- Public versus Private

3.6.1. Gap 1: Alliance Management Building Blocks
Building alliance management in firms affects complexity, formalization and centralization. Choices in these three building blocks should be made when implementing alliance management. Literature has not yet developed guidelines here, it is however clear that these choices should be seen in the context of the organization and its environment.

Looking at complexity, creating a department of alliance specialists can be seen as move into a more horizontal differentiated firm, adding more complexity. Trying to incorporate alliance management within the departments of a firm, can be seen as a move to decrease complexity in the firms organizational structure.

For formalization, alliance managers can be seen as specialists. Theory therefore suggests lower levels of formalization are needed. The paradox here is that certain mechanisms of alliance management such as alliance management training, increase the level of formalization and that these mechanisms help making alliance more successful. This might suggest there is an optimum level of formalization in alliance management. Alliance managers might need some guidelines, but their work should not be overly formalized. Which level of formalization is needed is not known.

Centralization seems to be the most difficult choice of the three. This is because alliance managers can be seen as specialists which would require their own authority in their daily work. However alliances can be strategic and affect, of course, the strategy of the firm. Giving authority to alliance managers in their daily operational work would imply giving them authority to make decisions on strategic level at the same time. This suggests that the split between operational and strategic decisions cannot be made in alliance management. Finally, creating another paradox, alliance managers might need authority to convince other employees in participating in the alliances. However alliance managers might then create unwanted alliances from the perspective of other departments. Literature has not yet made contributions on the issue of centralization, authority and decision power when it comes to alliance management.

3.6.2. Gap 2: Top-Down vs Bottom-Up
Although models are scarce on the organizational development of alliances capabilities and departments, the available models seem to have conflicting views. The model presented earlier by De Man(2004), represented in Figure 10 represents a Top-Down approach. It starts at the highest level, the business strategy, and makes steps to translate this further down the organization. Another model, developed by Draulans et al. (1999), suggests that alliances start at operational level and as the number of alliances grows, end at the strategic firm level. The model is presented in Figure 15 and is derived of the model of Crossan et al. (1999), presented in Figure 16.
Table 1: Levels of alliance experience

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of alliances</td>
<td>Small</td>
<td>Reasonable</td>
</tr>
<tr>
<td>Importance</td>
<td>Operational</td>
<td>High for certain units or divisions</td>
</tr>
<tr>
<td>Geographical reach</td>
<td>Regional/national</td>
<td>Starting with internationalization</td>
</tr>
<tr>
<td>Management tools (Cumulative examples per level)</td>
<td>Legal knowledge, Checklists for partner selection and monitoring, Evaluation of individual alliances</td>
<td>Best practices, Alliance specialist, Cultural trainings</td>
</tr>
</tbody>
</table>

Figure 15: Levels of alliance experience

Figure 16: Role of mechanisms in alliance capability development

Figure 16 depicts three learning capability curves which represent the three different levels of capability development depicted in Figure 15. Level 1 is related to individual learning, level 2 is related to group level learning and level 3 is linked to organization level learning. Each level will be explained.

At level 1 the firm has one or several alliances. Alliances are mainly operational and have no link with the strategy of the firm. The firm has limited experience with the preparation of alliances nor do they have experience for actually implementing it. Experience is accumulated at personal level where in-house knowledge on firm level consists mainly of general non specific contractual, organizational know-how. Also at this level firms favor learning-by-doing over a structural approach.

At level 2 firms have increased the size of the alliance portfolio. Therefore for certain alliances become strategic. The link with the corporate strategy is ‘done’ afterwards or sometimes still missing. Firms start to create standard procedures which help to converge tacit into explicit knowledge facilitating intra-firm learning. Firms start to build specific alliance knowledge which
Developing Alliance Management at Alliander

resides in a small number of specialists. Resources should be allocated to the development of alliance capabilities which will disperse critical knowledge and practices among employees. At this level firms rely on mechanisms such as collecting best practice, alliance trainings, using alliance metrics, reward systems and alliance specialists help to extend the body of knowledge in order to achieve a higher level of alliance capability.

At level 3 alliances have become top management priority where alliances are embedded in the business strategy. The firm is consciously building and dispersing its alliance experience and knowledge in a structural way. No longer does alliance knowledge reside in a few professionals, but dedicated investments are made to institutionalize it at firm level. Mechanisms such as central coordination are performed by an alliance department. External and internal coordinative capabilities are resided within the alliance department. An alliance database for instance can help to assemble experience in such a way that it is easily transferable.

The different experience levels suggest that different mechanisms can be used at each level. Bell and Lemmens (2007) conducted research at Philips where development via different levels, although Philips uses four levels, was also recognized. The development program at Philips can be seen in Appendix XII.

3.6.3. Gap 3: Alliance Management: always the same?
A remarkable observation made in recent contributions is that firms develop alliance capabilities in different ways. This is confirmed by Draulans et al. (2003) who state that firms go through different development paths deploying different types of mechanisms along the way. Some firms have proven to be able to better capitalize on their alliances than others as they consistently generate above-average rents (Heimeriks, 2008). This means that firms can commit to various mechanisms depending on certain factors (Zollo and Winter, 2002). Some authors give general rules of thumb such as creating a corporate alliance unit makes sense when the alliance portfolio contains more than twenty alliances representing 20 percent or more of corporate value measured in revenues, assets etc. (Gomes-Casseres, 2004). Which factors make a difference is not defined by literature.

3.6.3.1. Practical examples
As literature is scarce on the factors which should shape alliance management a few practical examples will be given. For instance, pharmaceutical firms as Eli Lilly and Alza have installed an alliance department and are highly committed to best practice dispersal using alliance trainings (Heimeriks, 2008). Corning, a U.S. based technology firm, uses informal communication to leverage experience. Investments made to increase a firm’s alliance capability should therefore fit a firm’s specific needs.

In expert interviews conducted by Heimeriks (2008) an expert answered the question whether they had an alliance department: “No, we don’t, although this would surely help create institutionalized learning. This simply doesn’t fit our organization and culture.” Heimeriks (2008) concludes here that the way firms develop alliance capabilities differs in the firm’s current resource endowments and historical commitments, as well as organizational, cultural and sectoral contingencies.

De Man (2006) used three other examples, Philips, KLM and Structon, to underline differences. Within Philips corporate alliances, which affect multiple divisions within Philips, the alliance department coordinates the activities. In alliances that are restricted to one product division, the alliance department only functions as a knowledge centre. Therefore differences in activities
performed by the alliance department are typified by corporate alliances and business specific alliances. The development path of alliance management at Philips can be seen in Appendix XII and its alliances in Appendix XIII.

At KLM the alliance department plays a different role, where KLM has fewer alliances, but have a bigger impact on the organization. Involvement is therefore more intense. At Structon the department manages knowledge aspects as well as operational businesses that are incorporated within the department.

This part has shown examples that stated possible factors determining the design of alliance management; these examples are not scientifically proved. The possible factors are:

- Organization and culture
- Current resource endowments and historical commitments
- Sectoral contingencies
- Type of alliances it employs: De Man (2006) stated that at Philips in corporate alliances alliance management plays a different role compared to business alliances
- Number and impact of alliances

3.6.4. Gap 4: Public versus Private

One of the factors that might affect the design of alliance management, which is highlighted in this research, is being either a public or private firm. Alliance literature is based on alliances between private firms, which means that the goals of an alliance might be very different when a public firm is involved. This can have several effects on how alliances take shape. For instance alliances can have a financial goal, but can serve an important public goal as well. This issue can affect how alliance management is performed at a firm. The research is performed at Alliander, a public firm, which gives us the opportunity to investigate this gap.

3.6.5. Conclusion

Literature provides us with a few guidance rules on how to develop alliance management within firms. Gaps were spotted on how the general building blocks (complexity, formalization and centralization) should be implemented within alliance management. A model was described depicting three levels of alliance management, from an ad hoc towards institutionalized. This model suggested a Bottom-Up development of alliance management. The network model of De Man (2004) where the formation of alliances are Top-Down. Therefore there seems to be a conflict on whether alliances are formed Top-Down or Bottom-Up. Also literature does not explain why alliance management is different within firms. It follows that there is a gap which would explain which factors are important for the design of alliance management, making every design for alliance management unique for every firm.

3.7. New model

The new model will try to address these three of the four gaps. This model will be validated via the research performed in this study. The missing gap, the public – private gap, will be explorative, thus a model will not be made beforehand.

The new model will describe three gaps which will be discussed in the following order; First alliance building blocks, then Top-Down versus Bottom-Up and finally factors that affect the design of alliance management. Afterwards the model will be presented.
3.7.1. Alliance building blocks

3.7.1.1. Centralization, Complexity and formalization

The issue of decision power is incorporated in the types of alliances. In business alliances decision power remains decentrally located, where in corporate alliances the decision power is located centrally. This is why alliance management start decentralized and gradually becomes more centralized as corporate alliances are formed.

Complexity refers to the choice of increasing or decreasing it. Creating a department of alliance specialists can be seen as move into a more horizontal differentiated firm, adding more complexity. Trying to incorporate alliance management within the departments of a firm should be seen as a move to decrease complexity in the firms organizational structure. If the firm is an already horizontally differentiated firm, creating a department might fit. If firms wish to become or stay less complex, alliance management should be incorporate in the different departments of the firm. It is proposed that probability that an alliance department will be created is higher in level 3, which means the complexity tends to increase.

Formalization referred to the paradox that alliance managers are specialists and therefore need low levels of formalization where alliance management mechanisms contribute to formalization. This suggested there is an optimum level of formalization in alliance management. Formalization increases with the level of alliance management implemented as more and more mechanisms and roles are formalized in the organization. How far formalization must go is yet another factor determining which determines alliance development. This is why these factors will now be discussed.

3.7.2. Top-Down vs. Bottom-Up

As seen in literature sometimes alliance development is described as either a Top-Down process or a Bottom-Up process. In a Top Down process strategy defines the need to create a network and alliance strategy and from here partners are selected. In a Bottom-Up process alliances happen ad hoc with partners who seemed convenient for the local business manager without a specific link to the corporate strategy.

The model presents a way in which both are applicable. For this to be explained, one needs to see that alliances can be formed both from the top and the bottom. Borker et al. (2004) defines three types of alliances each which can be created by different levels. The three types are:

- **Corporate alliances**: alliances between several departments and an external partner. Corporate alliances are usually formed by top management and therefore Top-Down.
- **Strategic (divisional) alliances**: alliances between one department and an external partner. These alliances can be formed either Top-Down or Bottom-Up. The term strategic alliance has been defined already in this thesis as the overall term of any alliance. Therefore these alliances will be named ‘Divisional alliances’.
- **Business alliances**: alliances on an operational or tactical level, between one department and an external partner which can revolve around specific topics such as logistics, purchasing etc. Business alliances are formed Bottom-Up.

Therefore it is proposed that firms start using business alliances first, which is a Bottom-Up process. When alliance management starts to evolve and starts to create divisional alliances the strategy of the firm can be affected. This will require alignment with the firm's business strategy.
Moreover, this will trigger top management to think about alliances and whether this is part of their core business strategy, initiating the Top-Down process. When alliance management further grows top management is gradually more accustomed with alliances and starts to form corporate alliances. The Top-Down process is now fully initiated and alliances are formed both Top-Down and Bottom-Up.

### 3.7.3. Why Alliance management is not the same in every firm

In paragraph 3.6.3, it was concluded that there is not one model of an alliance department which will fit in every firm. Factors which determine this fit are then deemed important. The stated possible factors are:

- Being a public or private firm
- Organization and culture
- Current resource endowments and historical commitments
- Sectoral contingencies
- Type of alliances it employs: De Man (2006) stated that at Philips in corporate alliances alliance management plays a different role compared to business alliances
- Number and impact of alliances

The main issue here is that investments made to increase a firm’s alliance capability should fit a firm’s specific needs. A firm which does not employ many alliances with little impact on the business itself, which is also in a sector that does not work together regularly, should not invest heavily in alliance management. Then usually its organization and culture does not fit with alliance management either. Alliances that do happen may be restricted to business alliances and will never grow towards divisional or corporate alliances.

As seen in literature, firms can grow into three different levels of alliance management as displayed in Figure 15. A firm may never outgrow level 1 due to external and internal factors. Externally it may be possible a firm does not have opportunities to create more strategic alliances and internally a lack of desire to alliance may be present due to organizational and cultural contingencies.

### 3.8. Representation of the model

Figure 17 represents an overview of the new model. Detailed discussion on the formation of this model was provided in the last paragraph. The model proposes that the factors left affect how alliance management is developed.

![Figure 17](image-url)  
**Figure 17:** The new model on development of alliance management and its factors determining its shape.

Figure 17 gives an overview of the factors that affect the alliance management development. These factors are deemed important whether firms develop their alliance management until level 3 or stay for instance at level 1. This list is most probably incomplete and therefore an exploratory research is needed.
3.8.1. Development of alliance management

At level 1 alliances are formed in individual business units. These alliances are formed ad hoc and have no direct relation with corporate strategy. Knowledge sharing is limited and is really initiated in level 2 where alliance managers share their experiences. Alliances are still mostly formed in individual business units, but start to get cross-divisional when the firm reaches level 3. Here alliance management is further centralized by creating a staff department. An overview is depicted in Table 11.

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of alliances</td>
<td>Small</td>
<td>Reasonable</td>
<td>Large</td>
</tr>
<tr>
<td>Aggregation level</td>
<td>Individual</td>
<td>Group</td>
<td>Firm</td>
</tr>
<tr>
<td>Importance</td>
<td>Operational</td>
<td>High for certain divisions</td>
<td>Strategic for entire firm</td>
</tr>
<tr>
<td>Alignment with strategy</td>
<td>None</td>
<td>When it suits</td>
<td>Continously monitored</td>
</tr>
<tr>
<td>Type alliances</td>
<td>Business</td>
<td>Business</td>
<td>Business</td>
</tr>
<tr>
<td></td>
<td>Divisional</td>
<td>Divisional</td>
<td>Corporate</td>
</tr>
<tr>
<td>Alliance formation</td>
<td>Bottom up</td>
<td>Bottom up</td>
<td>Bottom up</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Partly Top Down</td>
<td>Top Down</td>
</tr>
<tr>
<td>Complexity</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Formalization</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Centralization</td>
<td>Decentralized</td>
<td>Initiating centralization</td>
<td>Centralized</td>
</tr>
<tr>
<td>Roles</td>
<td>Operational</td>
<td>Mind setter</td>
<td>Trainer</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Network Manager</td>
<td>Advisor</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Knowlegde Manager</td>
<td>Expert</td>
</tr>
</tbody>
</table>

Table 11: Levels of alliance management further explained

3.8.2. Development of roles

Most of the characteristics have been explained in this chapter except the roles of alliance management. In level 2 alliance managers in different business units act not only operational, but start to share their experiences. This is where the role as knowledge manager comes forward. Due to the sharing of experiences alliance managers get to know the alliances formed in other departments. Therefore the role as a network manager starts to take shape as well. Also as the aggregation level changes from individual towards group adjusting mindsets is needed for the first time. In level 3, a role as a trainer, advisor and expert can be added to the roles alliance management already provides, where further institutionalizing alliance management is provided when taking on these roles.
The chapter Analysis will show the results of the performed research. The chapter is divided into three parts. First the strategy of Alliander will be discussed with topics such as value disciplines, growth strategy and the alliance strategy. Then Alliander will be analyzed on how alliance management is currently organized. The current set-up will be made concrete by the analysis of a case. Next is the internal view on how alliance management should be developed within Alliander is discussed. This chapter will be concluded by the analysis of the external firms and their alliance management.

4.1 Introduction

The chapter Analysis will present the results of the performed research. This chapter is divided into four parts which are related to the different groups which were interviewed. First the overall strategy of Alliander will be analyzed. This represents the first step of the network model of De Man (2005). This includes the mission and vision of the firm, the growth strategy, choices between internal development, merger and acquisitions or strategic alliances. A group of directors were interviewed on this topic. Next is the analysis on firm level where the mechanisms of alliance management (Heimeriks and Duijsters, 2007) are investigated on their presence. This means the current processes, tools and functions of alliance management will be presented. The case of Cyber-TEC will be used to create a concrete. This is followed by the suggestions of employees within Alliander for improvement. This is called the internal view of the development of alliance management. A group of alliance managers were interviewed on this topic. The internal view is complemented by the external view. Here the results of the research at external entities are shown. The external entities were analyzed on how they have implemented alliance management and why they have done it that specific way. Creating insights on the strategy, the current processes and possible improvements suggested internally and internally should be the start of creating a design of alliance management for Alliander.

4.2 The Strategy

First an overview of general strategy will be given where the vision, the mission, the five strategic themes, a trend analysis, and a SWOT analysis will be discussed. Next is the analysis of the value disciplines, followed by the analysis of the structure of the firm consisting of complexity, formality and centrality. The growth strategy will be discussed along with an analysis of the importance of each option. The part strategy will conclude with the alliance strategy.

The general strategy will be explained first, starting with the mission and vision of Alliander. The mission of the firm is: "For a better society within the regions we are connected with"

The vision of the firm is: "Via our connection with the society we deliver our services fast, innovative and reliable as our customer perceives Alliander as best in class. Via dialogues with our stakeholders and from our own ambition to improve continuously we are able to realize a balanced contribution to the growth of our stakeholders.

The mission and vision of the firm are made more concrete via five strategic themes (a more elaborate view of the five themes can be seen in Appendix XVII):
1. Customer orientation: customer experiences the service of Alliander as best in class.
2. Operational excellence: Costs are lowered via standardization while the quality of our service remains high.
3. Cooperation: Alliander is proactive and is the central point for collaboration of private and public organizations.
4. Energy transition: Alliander will be prepared for the energy transition via new experiences and innovations.
5. Modern employer: Alliander will provide the right opportunities for its employees and it will provide diversity.

Appendix XIV, XV, and XVI show the SWOT, SOAR and trend analysis for Alliander. From these analyses one could see that Alliander is in need of creating new competences to facilitate the energy transition and that collaboration with other parties is one of the key opportunities for success in the future.

4.2.1. Value disciplines
The answers of the respondents about the value discipline of Alliander can be categorized into two sections. In the first section the relevance of this model was questioned. The main arguments were:

- Alliander is a public organization and mainly a monopolist in a regulated market where this model focuses on private firms.
- The model is outdated where firms choose their value propositions. This is usually a combination between the value propositions.
- Criticism on the content of the model itself

The second section of respondents answered that Alliander focuses on Operational Excellence. This is the most important discipline as Alliander is judged by the government on its operational excellence. However, there is a movement towards customer intimacy. This means Alliander is able to execute its operations more together with its customers to define Alliander's products and services. It follows that in the future there will be more of a mix between operational excellence and customer intimacy. This is represented in Figure 18.
4.2.2. Complexity, Formalization and Centralization

In this section Alliander’s complexity, formality and centrality will be explained. Overall Alliander tends to be complex. There are many departments which are specialized. For instance there are 7 departments working on the topic Smart Grids. There is a trend towards less complexity in staff functions. The departments Communication and Finance have been centralized, where before these departments were more spread out within the firm. Operational activities are more complex, where many departments are specialized. It follows that staff departments are less complex compared to the operational departments.

Alliander also tends to be formal. Especially within operational departments rules and procedures are important. Staff departments have fewer procedures and rules. Alliander wishes to give more responsibility to its employees. Thus there is a trend towards less formality.

Looking at centrality, each department is managed as its own firm. This means Alliander is organized decentralized where each department makes its own decisions. Within each department Alliander is centrally organized.

4.2.3. Growth Strategy

Each option will be discussed when and why the specific growth strategy is implemented at Alliander.

4.2.3.1. Internal growth

Internal growth is seen as a limited option for Alliander. Developing new products, services and or markets are not seen as Alliander’s core business. Alliander sees its main role to facilitate others to develop these new products, services and markets. This does not mean that Alliander does not develop itself internally. Three main aspects, mainly at the beginning stages of development, were given when Alliander develops internally:

- Alliander is currently searching for what to develop.
- An alliance with private organizations is not possible, due to cannibalization on their current business.
- An alliance with private organizations is not possible when new concepts are not yet mature enough to create willingness to invest at private organizations.

When the concept is developed far enough, other organizations, especially other DSO’s, are involved which can result in an alliance. These organizations are involved to spread the risk among other DSO’s, in order to create less dependency on Alliander. It follows that the financial risk is reduced. In addition, Alliander is compared to the other Dutch DSO’s. When Alliander would install a new faulty product in its network alone, it would suffer considerable losses in revenue. This finding is congruent with literature. Porter and Lynch (2001) suggested that only when risk is low firms choose to develop internally. When risk is considered high Alliander wished to cooperate with other DSO’s, spreading the risk.

The firm also develops competences internally. New competences are needed as shown earlier of this chapter. For instance hiring new employees competent in customer orientation, communication and (external) collaboration is seen as a way to grow, not in revenue, but in competences.
4.2.3.2. **M&A**

Merger and Acquisitions are seen as the most appropriate way to grow for Alliander in revenues. Scale is an important factor. By increasing scale, Alliander’s investments in smart grids will be divided by a larger amount of customers. Although scale benefits could be obtained via alliances, the assumption is that scale benefits can only be reached via M&A.

M&A’s are currently not used for development of new products or services for the following reasons:

- When Alliander becomes the owner of a new product or service, it becomes inherently hard to collaborate with other DSO’s. Other DSO’s do not like to adopt a product or service acquired by their ‘competitor’. The adoption of a new product or service is larger when smaller innovative firms bring the innovation.
- Small innovative firms do not match with the more bureaucratic culture of Alliander. Therefore the strength of the small firm is weakened when it is acquired by Alliander.

Alliander does take minority stakes at smaller firms. This has the following reasons:

- To provide capital for smaller innovative firms to facilitate the specific innovation in the energy transition.
- To mitigate the risk of bankruptcy of these smaller firms.
- When these smaller firms do go bankrupt, Alliander ensures that it has the rights of critical parts of this firm.

It follows that the minority stakes take a facilitating role for innovations of the smaller firms. M&A hardly play a role in innovation.

4.2.3.3. **Alliances**

Alliances are, as stated in the M&A section, the preferred option when it comes to innovation. The belief is that alliances bring more than M&A in innovation. Alliander chooses for the option of alliances due to its role in the energy transition. Therefore alliances should be naturally embedded within the firm.

Alliances are not only used within product and service development, but also in market development. Setting standards for a market together with a large group of partners is part of role of alliances as well. This is important to cut costs via scale benefits. Standardization is thus a way to stimulate the overall energy transition by making standards for new products and services introducing scale benefits.

In addition, the relationship with the supplier can develop over time. Usually the relationship begins as a supplier buyer relationship, also in the case of innovation. In this case the development of new products and services is outsourced. Further development with these suppliers can result in collaboration where both parties see benefits in a long term relationship, moving towards an alliance. Finally, Alliander can take a minority stake for reasons mentioned in the M&A section. Thus at Alliander relationships can grow from contractual buyer supplier relationships into taking a minority stake with a contractual alliance as an intermediate stage.

4.2.3.4. **Importance of each option**

Alliander is mainly a monopolist situated in regulated market which means revenue growth is limited mainly by M&A. The director respondents group gave an averaged importance of 80%
for M&A for revenue growth as can be seen in Figure 19. This strategy was also executed in 2010 in the takeover of Endinet\textsuperscript{11}. The 20% left was divided rather equally among internal growth and alliances.

![Figure 19: The importance of each strategy for revenue growth for Alliander in percentages](image)

Only a small group of people within Alliander work on M&A’s. Most employees work on the other two growth strategies. Therefore M&A’s are important for the growth of Alliander but, as one of the directors stated, in general it is more important that we are good at alliances than M&A’s.

Growth can thus not only be defined in terms of revenue, but firms can also grow in for instance competences or innovations. Alliander is facing the energy transition which requires a new set of competences in order to develop new products, services and processes.

When asked to look beyond revenue growth, the directors group answered differently when asked about the importance of the three strategies in general, thus also including revenue growth. The results are shown in Figure 20.

![Figure 20: The importance of each strategy in general for Alliander in percentages](image)

Figure 20 shows that Alliander still sees M&A as the main option to grow. Growing via alliances has a large impact in the area’s Alliander would like to grow besides revenue. This statement is supported by Figure 21 where the directors group and the alliance managers group were asked about each option and its impact on innovation.

\textsuperscript{11} [http://www.elsevier.nl/web/Artikel/258156/Alliander-neemt-voor-712-miljoen-Endinet-over.htm](http://www.elsevier.nl/web/Artikel/258156/Alliander-neemt-voor-712-miljoen-Endinet-over.htm)
Figure 21 displays a 60% share of innovation via alliances. A 26% share is taken by internal development. 14% is covered by M&A, mainly provided by the minority stakes Alliander takes at smaller firms.

This section can be concluded that alliances play a marginal role for revenue growth, but play a major role in other areas of growth, including innovation. Following this conclusion is the formulation of the alliance strategy.

4.2.4. Alliance Strategy
Gomes-Casseres (2004) stated an alliance strategy has four elements:

- A business strategy that shapes the logic and design of an alliance;
- A dynamic view to guide the management of each alliance;
- A portfolio approach to manage the firm’s ‘constellations’ of alliances;
- An organizational infrastructure to build and sustain the alliance capability.

The directors group where asked on the presence of a business strategy that would shape the logic and design of alliances. Collaboration (internally and externally) is one the five strategic pillars within Alliander. It follows that alliances are on the strategic agenda of this firm. This conclusion is also confirmed by the general importance alliances have displayed in Figure 20 and in innovation specifically, as displayed in Figure 21.

It is unclear how this translates towards the making and managing of alliances. It follows that an overall strategy on which alliances should be built is missing. The directors answered that corporate strategy is translated into a strategy specific for the corresponding department. The current corporate strategy states that collaboration should be fostered, but it is unclear where and how alliances should be used.

In addition, the presence and importance a portfolio approach of alliances was investigated. As the analysis will show later, an overview of current alliances is not available. It follows that a portfolio approach is not present. Employees did respond to the need to create such an overview. Employees also advocated that an active portfolio approach, coordinating a constellation of alliance, was needed as well.
The need to build and sustain an alliance competence was analyzed as well. Uniformly the respondents answered that Alliander should be good at creating and managing alliances. Alliander should possess an alliance competence. It is key for Alliander to cooperate with other organizations in order to accomplish its goals.

Alliances are also seen as the way to speed up the rate of innovation. Being good at this cooperation with others is then fundamental when Alliander wants to achieve its goals.

According to the respondents, Alliander is not where it wants to be considering alliance competence. Several employees stated that Alliander originally was an introvert firm where the mindset of the employees has yet to be transformed into a more extravert one looking for collaboration within and outside the firm. Respondents answered that the awareness of the benefits of alliances are currently under exposed. This results in the fact that the current CEO of Alliander has to fill this gap by setting up alliances himself.

Therefore Alliander is hiring employees who have the mindset of looking for opportunities outside Alliander. Alliander is currently unable to guide these people in creating and managing alliances because it simply does not have this competence. It follows that Alliander can still grow into this direction and as one of the directors stated; alliance management can help us further to do the right things here.

The shift from operational excellence towards customer intimacy is also a shift from an internal towards an internal view. It follows that Alliander has the ambition to become a more externally orientated firm. This can be achieved partly by looking for opportunities and create alliances. The corporate strategy is not aligned with the alliance strategy. Corporate strategy is not translated towards a strategy for alliances, a portfolio approach is missing and finally respondents answered that the alliance competence is not at the preferred level. This statement by the employees will now be further investigated in this chapter.

4.3 Present design of alliance management
This part will address the current design of alliance management. First an overview will be given of the current process of alliance management. A more precise analysis of the present mechanisms used is presented. The roles alliance management currently plays are further explained. The current set-up will be made concrete by the analysis of the case Cyber-TEC.

4.3.1. Current process
First the process of creating alliance will be presented in Figure 22.
The process of developing an alliance starts at the idea of a possible alliance which is further conceptualized with the potential alliance partner(s). At some point of time the idea is shaped into a concept which needs to have an investment decision. The CEO and corresponding business unit is informed about the alliance. Alliances follow the same governance structure as normal investment decisions which result in the fact that decisions are usually made on board level. More is explained later in the description of processes. Strategy has criteria (does it fit with the strategy, what are the benefits for Alliander). Legal is contacted to give support on contractual issues. Finally a decision on the alliance is made on board level. Thus strategy, the specific business unit, the CEO and legal are involved in the creation of alliances.  

---

**CEO:** "The current design is only a small realization of alliance management"

Duysters et al. (2002) defines five steps in the alliance lifecycle, namely: organizational strategy, alliance strategy, partner selection, implementation / operation and management / evaluation. The responsibilities of the involved departments in each step are displayed in Figure 23.

---

12 The relationship with suppliers is also moving towards alliances. This means that the purchasing department is also performing some tasks of alliance management
Developing Alliance Management at Alliander

Figure 23: Steps of developing an Alliance and the involved parties

<table>
<thead>
<tr>
<th>Alliance Strategy:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- No responsibility on alliance portfolio</td>
</tr>
<tr>
<td>- Strategy for each alliance determined by involved department(s) where strategy department is involved in a supportive role.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Implementation and Operation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Business plan is made by involved department(s)</td>
</tr>
<tr>
<td>- Legal department is involved playing a supportive role by advising on governance structure and alliance contract.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Organisational Strategy:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Board</td>
</tr>
<tr>
<td>- Strategy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partner Selection:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Potential partners selected by involved department(s).</td>
</tr>
<tr>
<td>- Negotiation is performed by involved department(s).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Management and Evaluation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Management and evaluation is done by the involved department(s).</td>
</tr>
</tbody>
</table>

Figure 23 shows the five steps. Organizational strategy is made by the board of Alliander and the department Strategy. This strategy is, as explained earlier, not translated into a corporate alliance strategy. Each department forms its own strategy based on corporate strategy and may create alliances from the departmental strategy. It follows that the strategy of each alliance, including added value provided by the alliance, is made by each department itself. The department Strategy is involved by giving advice on the fit with corporate strategy.

Experts on the specific topic of the alliance within the department select the partners. This selection is mainly based on the personal network of the expert and added value based on content. Specific partner selection criteria do not exist. Negotiation is usually done within the department as well. The step implementation and operation is done by the involved department as well. This means the business plan of the alliance is made by the involved department. The Legal department gives advice on the legal issues, such as the governance structure and the alliance contract. Finally, the step Management and Evaluation is performed by the involved department as well. Alliances are evaluated, but not on alliance specific topics. The main reason why the main responsibility of alliance management lies within the departments is that each department is run as its own firm. This means each department has its own decision rights whether to implement alliances or not. It follows that the responsibilities and activities are also kept within the same departments.

Alliander also has a department called Alliance Management which is situated as part of the department of Infostroom. The department Infostroom is organized differently considering alliance management. In other departments, all employees are responsible for creating alliances. Within Infostroom, the department of Alliance Management has the main responsibility to spot opportunities outside Alliander and create possible alliance opportunities in the field of smart

---

13 The Department ‘Infostroom’ is responsible for the implementation and exploitation of smart meters
Developing Alliance Management at Alliander

meters. Thus activities of the Alliance Department mainly focus at the creation of alliances and not so much on the management part of it (although it happens that employees within this department 'get stuck' within the alliance and perform the management part of it as well). Thus the current department is involved in the formation of the alliance strategy, partner selection and implementation of alliances within the field of smart meters. Operation, management and evaluation are not part of the current tasks of the department Alliance Management.

The conclusion here is that alliance management is picked up mainly by each department within Alliander and the activities performed are scattered in these departments as well.

4.3.2. Present Mechanisms
Heimeriks and Duijsters (2007) identified four groups of these mechanisms: functions, tools, control and management processes and external parties. The mechanisms have been explained in the chapter Literature. Each of the mechanisms and its presence will now be discussed shortly.

4.3.2.1. Functions
De Man (2006) gave an overview of functions presented in Figure 14. The alliance sponsor is usually the CEO or sometimes the head of a department. Alliance experts are available in the Legal department and the department Alliance Management (which is developing expertise on creating alliances). The current department Alliance Management does not perform the same activities suggested by literature (Heimeriks and Duijsters, 2007). Literature suggests an alliance department would support alliance managers in the departments by collecting knowledge and developing tools on alliance management. The current Alliance Management department does not accomplish this. Instead, it has a more active role, thus not a supportive one, in creating alliances in the field of smart meters.

Alliance managers and alliance team members are present although they are not called this way. Project leaders do exist and when a specific project happens to be an alliance, the project leader would be an alliance manager. Functions mentioned by literature such as a Vice President of Alliances, an alliance department which supports the creation and management of alliances or gatekeepers, are not present at Alliander.

4.3.2.2. Techniques
Techniques related to alliance management are scarce at Alliander. From the list of available techniques the culture program is present creating a more open culture by for instance hiring new employees who already have this culture. A transition team directs and stimulates the cultural change needed within Alliander.

Alliances are also evaluated individually and collectively with the partners. This evaluation is project driven and not on the alliance itself. Other techniques mentioned are not present at Alliander. There are no partner selection criteria. There are no best practices and alliance management competences are not part of the management development program.

4.3.2.3. Processes
Processes related to alliance management are also scarce at Alliander. An approval procedure for Alliances, as described in Figure 22, is present although it follows the rules of investment options and is not specifically adjusted towards alliances. Currently there is no formal location within Alliander which is responsible for alliances. Finally there are no formal ways present
Developing Alliance Management at Alliander

where alliance managers (project leaders within alliances) can share their experience of alliances.

4.3.2.4. External
External mechanisms are mechanisms that the firm itself does not have, but hires from external parties. Consultants are hired at Alliander to take care of the daily management of the alliance and therefore perform tasks related to the function alliance manager. Examples of the daily management is setting up appointments with the involved partners, coordinating communication and setting up intra-net to share files.

4.3.2.5. Roles
In total six roles being expert, advisor, knowledge manager, trainer, network manager, mind setter are defined by literature (Bell and Lemmens, 2007; Doz and Hamel, 1998). The roles are currently scarcely implemented. For instance, expert roles necessary for alliance management like legal are present, but other expert roles are not present. The department Strategy advises on alliances on the topics such as the alignment with corporate strategy, but other advisors on alliances (providing guidance in each step of the alliance cycle) are not present. The roles knowledge manager, trainer and network manager are not present at Alliander.

4.3.3. Complexity, formalization and centralization of alliance management
Looking at complexity, alliance management is spread out through the organization. By definition, this means that complexity is low as the division of labor is low. Each department is responsible for its own results which results in businesses setting up alliances for its own good. This results in the fact that employees do not know which alliances are present in other departments.

Regarding the aspect of formality, alliance management has a low level of formality. The governance structure is clear regarding who should sign the alliance deal. Specific rules or procedures do not exist for alliance management. The only rule is that it should support the business. Freedom and entrepreneurship are valued to be of high importance within alliance management.

Looking at the aspect of centrality, alliance managers do not have decision rights. Alliances follow the governance structure setup for investment decisions. The rule is that if the alliance fits within the core business of that department, the department itself can decide on the alliance. Due to the fact that alliances regularly cross departmental responsibilities, many decisions on alliances are made on board level and few on a departmental level.

4.3.4. Formation of Alliances: Top-Down or Bottom-Up?
The directors group and the alliance managers group were asked whether alliances follow a Bottom-Up or a Top Down process. Both groups answered that both processes are present at Alliander.

The CEO and the Strategy department start alliances. These alliances, when they mature, can then be picked up by one of the businesses. Sometimes topics are provided in which employees are able to create alliances. The topic of energy saving is an example of this process. These alliances are formed Top-Down. Bottom-Up alliances are formed as well. This process has more operational and ad hoc properties. Bottom-Up alliances are formed mainly in technical areas
where local experts create an alliance. Bottom-Up alliances are also formed with customers where the interaction between customers and employees of Alliander can generate alliances.

However the answers of the question which process is executed more at Alliander, were different. Some respondents said that Bottom-Up alliances are performed the most because most alliances are formed ad hoc where there is no strategy present why Alliander should create alliances, in which area’s and with which partners. Also knowledge is situated locally which means opportunities for alliances are mostly spotted locally as well. Finally businesses are responsible for their own results creating their own alliances. This group advocates that Alliander should perform Top-Down alliances more.

The other group argued that mostly Top-Down alliances are formed, where the CEO, the directors and the department form alliances themselves. The main argument is that currently the culture does not stimulate the Bottom-Up formation of alliances. The current process is then Top-Down, but for the wrong reasons. Alliances are created by top management, because access for the creation of the alliance is not provided anywhere else in the firm. It follows that top management does not get many Bottom-Up generated alliances, this should probably be stimulated.

Respondents agreed that categorizing alliances into corporate, divisional and business alliances is possible. In addition, respondents also agreed that the formation of corporate alliances is mainly done via a Top-Down process and the formation of business alliances follow mainly a Bottom-up process. Respondents did state that at Alliander, the categories of corporate and divisional alliances cannot be distinguished. It follows that Alliander only has corporate and business alliances. An explanation could be that larger firms, who have more product market combinations, also have more divisions and thus would also have divisional alliances.

Given the discussion above, it can be concluded that both Top-Down and Bottom-Up formation processes are present at Alliander. In addition, respondents agreed that both processes are important to have. The respondents did not agree which formation process is presently dominant.

4.3.5. Level of Alliance Management

In the chapter literature three levels of alliance management were discussed. This part will describe the analysis of the level of alliance management at Alliander.

**CEO: "Looking at the development of our alliance competence level we are only at the beginning"**

The importance of alliances is seen as strategic for the entire firm which would correspond to a level 3 alliance management. This is not further implemented within the firm.

Firstly, according to the CEO, Alliander has relatively few alliances considering the size of Alliander. Many alliances are shaped in a level 1 environment as alliances are mainly set-up in a rather ad-hoc way with or without a handful of criteria. The aggregation level is on a divisional level, corresponding to a level 2 alliance management. This is because the main responsibility of alliance management lies within the businesses. Both Bottom-Up as Top-Down formed alliances are present, but they are not properly balanced. Complexity and formalization are also low
corresponding to level 1 alliance management. Decisions on alliances are rather centralized which would refer to a level 3 of alliance management.

The analysis showed that many functions, techniques and roles are currently not performed at Alliander. The conclusion here is that Alliander operates mainly in a level 1 alliance management, but it has the ambition to have a higher level of alliance management.

4.4. Case Cyber-TEC
The case of Cyber-TEC will be used to illustrate the current alliance creation and management processes within Alliander with a concrete example. First a short description of the case will be given. Then this case will be analyzed to look at the properties of this specific case to reflect on the current design of alliance management.

4.4.1. Description of Cyber-TEC
Past decades have seen tremendous growth in the application of ICT systems to critical infrastructures, such as water supply grids, energy grids, and communication infrastructures. These systems have created an astonishing array of opportunities. Smart grids will support energy transition and the security of energy supply over the coming decades, but other critical infrastructures like drinking water, transport, oil and chemistry process control systems are also critical to the smooth running of society and the economy.

This growing dependency on ICT also means that new threats need to be addressed and prevented. Cyber threats, national and international, intentional and unintentional are an increasing part of everyday life. Action is needed to keep our infrastructures reliable and we need to invest in secure and resilient architectures.

The idea of establishing Cyber-TEC was born at the beginning of April 2011, when several simultaneous discussions revealed a European absence of any training and testing facilities with a strong general focus on critical infrastructures, or more specific smart grids and process control systems. There was also agreement on the pressing need for such a facility, which in combination with the absence of a strong public-private network where information and knowledge could be shared and disseminated, led to the idea of Cyber-TEC. This is where these elements are combined in a joint initiative to help protect our critical infrastructures in the future, all based on a strong research department and test facilities. The goal of the Cyber-TEC project is to establish the European Network for Cyber Security (ENCS) together with the European Commission.

ENCS is a not-for-profit, trusted, reliable, daily action- and result oriented European alliance offering bespoke R&D activities, testing, knowledge sharing and education for the prevention of all critical infrastructures. Initial partners are (in alphabetical order): Alliander, the city of The Hague, CPNI.NL, KEMA, KPN, the Ministry of Economics Agriculture & Innovation, the Ministry of Security and Justice, Radboud University and TNO. Between August 2011 and the beginning of January 2012 several other European strategic partners will join the initiative and contribute to its further development.

4.4.2. The alliance Cyber-TEC
The Cyber-TEC alliance will be analyzed on the process itself, thus which mechanisms and roles were used during this process. Then the focus will shift towards the complexity, formalization and centralization of this project. The process is analyzed whether this was a Top-Down or
Bottom-Up process and which level of alliance management was applied in this case. Finally the public-private setting will be discussed as this was the case in which both private and public organizations joined the alliance.

4.4.2.1. Process
The process of the formation of Cyber-TEC is displayed in Figure 24.

![Figure 24: Displaying the different steps during the formation of Cyber-TEC](image)

The idea was created at a convention where several parties where present. These parties were connected by the topic 'process control security'. After the convention the business unit responsible was informed about this opportunity, as well as the CEO of Alliander. A list of potential partners was created and the idea was further conceptualized together with the main initiator CPNI. In later stages also others partners were invited to participate and work on the concept of Cyber-TEC. Strategy was involved as a sounding board. They gave advice on the strategy of the alliance.

In order to further develop the concept the need for investors became apparent. Until that point in time, which took approximately four months, the alliance did not have its own budget. The need for investors was translated into an executive dinner with the founding fathers of the alliance. At this dinner a go-decision to further the development of the alliance and its business case was given. This meant that there was a budget available to hire experts to take care of the daily management of the alliance development as well as to conduct an external market research. The European Commission got involved as well. The alliance is meant to be a European alliance, which should report to the European Commission. It follows that a new investor decisions will be made by the executives of the partners and Alliander, as well as the European Commission.

Great similarity exists when you look at the process of the Cyber-TEC case and the general process displayed in Figure 22. The CEO was informed earlier in the Cyber-TEC case. Also this case has two separate decision points. This might be explained by the fact that extensive work needed to be performed in the case of Cyber-TEC to create a decent business plan for the alliance. Other parts were performed similarly compared to the general process.

---

14 CPNI is the Dutch organisation for Cybersecurity; [http://www.cpni.nl/](http://www.cpni.nl/)
4.4.2.2. Mechanisms and roles
The mechanisms and roles of alliance management were hardly used. When you look at functions, the department’s strategy, legal and communication played an advising role. Tools specific on alliance management were not used. Specific processes for alliance were not used as well, where the approval procedure for general investments was followed. No additional incentives for the alliance were used. External mechanisms were used via the outsourcing of the market research and daily management of the alliance.

Alliance Manager: "This was the first time I organised an international strategic alliance, I learned a lot"

No structured partner selection process was present as well. The selection of the partners was dependent on the personal preferences of the alliance creator. Currently it is expected that people performing the alliance have the competence to select the right functions, tools and processes. This means that highly trained experts should be involved when creating an alliance. As Alliander is not able to train its own employees in alliance capabilities, these persons are now coming from external parties.

4.4.2.3. Complexity, formality and Centrality
Looking at complexity, every department suggested in the description of the general process took part in this alliance with an addition of the department of communication. The creation of this alliance was not performed by a single department, but by many. Thus, again by its definition, complexity was low in this case. The level of formality was low as well where specific guidelines or rules were absent. The process followed a more entrepreneurial way of doing. Also there were no guidelines used whether to approach the CEO, this was based on the feelings of the individual. The level of centrality was high. In the end executives made a decision and will make a decision to proceed on the alliance or not. In this case the alliance initiator did have some freedom to develop the concept of the alliance before an investment decision had to take place.

4.4.2.4. Bottom-Up or Top-Down
The Cyber-TEC case can be seen as a bottom-up case. This means that local experts, in this case on the area of cyber-security, created the start of an alliance at a convention. This idea appeared to be of strategic value. It follows that cyber-security was not on the strategic agenda beforehand. Therefore the executives of the partners and of Alliander were informed to take part of this alliance making it a true Bottom-Up process.

4.4.2.5. Private / Public
Cyber-TEC is an initiative by both private and public organizations in an international setting. This means that more dynamics are present compared to a purely private setting alone. The aspect with a large impact on the development of ENCS was the difference in interests of the founding fathers. While private firms have the interest in a solid financial business case, public parties focus on societal goals. Alliander’s main interest is to develop reliable smarts grids. This meant that finding common interests and a joint business case was a long searching process, which could easily result in conflicts. Large conflicts did not appear in this alliance. This was contributed to a thorough discussion between the partners during the whole project.

Given the structure of an open and transparent European network for Cyber security, the continuous inclusion of new partners is a given. Partner selection is thus different within this
Developing Alliance Management at Alliander

alliance. For instance, it is hard for Alliander to add another potential partner, which is a competitor of a current partner, into the alliance. In addition, public parties, such as Alliander, are not allowed to give a sustainable advantage to private organizations. Therefore the alliance can only provide a first mover advantage for private firms. It can be concluded that the difference in interests to participate in a network will lead to a different flexible alliance with different international partners.

4.4.2.6. Conclusion on the level of alliance management in the Cyber-TEC case
The Cyber-TEC alliance to setup ENCS is an alliance which is strategic for the entire firm, but also for The Netherlands and Europe. It is therefore a corporate alliance. The alliance was aligned with strategy as both the CEO and the department Strategy were involved. The decisions on the alliance were made centrally. These factors indicate a level 3 alliance management.

The Bottom-Up formation, low complexity and low formalization as well of the lack of the mechanisms and roles of alliance management suggest a level 1 alliance management was used. The conclusion here is that the Cyber-TEC alliance has the need to be performed at a level 3 alliance management, but was performed on certain topics with an alliance management level 1.

4.5 Internal view of the development of alliance management

4.5.0.1. Overview
As stated in the start of this chapter alliance management is of strategic importance. It is one of the means to reach the strategic goals. Expertise on alliances must be developed in a same way expertise on M&A was developed. Currently alliance management is a scattered phenomenon where each business performs its own alliances with a lack of communication among these businesses. In the next part suggestions for improvement made by Alliander’s directors and alliance managers are discussed.

Director: "I believe when you apply alliance management you are better able to capitalize your alliances"

4.5.1. Mechanisms
Looking at the mechanism functions, most interviewees responded that a small alliance department is needed. This alliance department should create the awareness of alliances and implement structure needed for alliance management. It should advice alliance initiatives coming from employees and coordinates these alliances creating an overview of current alliances. Also this department could create a few but important corporate alliances. However it is not the responsibility of this department to be responsible for creation of all alliances. The overall goal of this department should be to make use of alliances to be more effective in reaching strategic goals.

Looking at tools, employees suggest several tools to be implemented.

- The partner selection criteria should be developed. Currently strategy has some criteria, but these are not known throughout the firm. Partner selection is now done in an ad hoc way, dependent on the personal network and preferences of the alliance initiator. Also the consequences are not fully known when selecting a partner. Small businesses might become dependent on Alliander.
• An overview of the current alliances is missing as well. An alliance database should be developed which holds information which alliances exist, which partners are involved and the strategic reasons why this alliance exist.
• The culture program was seen as important and is already present. Employees can grow in experience level in alliance management, thus a competence framework for employees should be added as well.

Looking at processes, employees suggest several processes (not) to be implemented themselves.

• Implementing incentive structures are not advised as this does not fit within the structure and culture of Alliander.
• Processes that stimulate exchanging experiences, such as specific events and the development of best practices, should be implemented together with other alliance managers throughout and outside the firm.

4.5.2. Roles
The group of alliance managers was asked to prioritize the roles by ranking them from 1 (most important) to 6 (least important). The results are shown in Figure 25.

Figure 25: The ranking of the different roles of alliance management

Figure 25 shows that the advisor role is seen as most important. This can be explained as alliance management is seen as a facilitator for creating and managing alliances. The businesses are responsible for their own results and should also be responsible for their alliances. The business managers do need an advisor who can help with building effective alliances.

The expert role is ranked second. An important remark here is that it was seen as key to have alliance experts on technical areas of the alliance such as an alliance specialist on legal issues, an expert on local knowledge (who knows the market surrounding the alliance) and a financial expert.

Third role in the ranking is the role of the mind setter. This role can (partly) provide the cultural change of creating a more open and collaborative Alliander that it wishes to be. The other three roles are seen as less important.

Besides the roles suggested by literature another role was suggested. The role suggested is the role of the alliance strategist. The alliance strategist would play the role of the translation of the strategy into an alliance strategy. This person would know the strategic direction of the firm and
would consistently try to see opportunities that alliances can bring in achieving strategic goals. The alliance strategist should provide an overall framework in which alliances should be made. This finding is congruent with earlier findings, where it was found that an overall alliance strategy is missing. The alliance strategist could fill this gap.

4.5.3. Complexity, Formalization and Centralization

Complexity deals with the question whether Alliander would like to create a corporate alliance management or if Alliander wants to incorporate alliance management within the existing firms. Respondents argued that alliance management should be an additional department for the following reasons:

- It fits within the current 'ketendenken'\textsuperscript{15}, where alliances should also be organized within the same style where alliances are now created on islands.
- Alliander is too small to decentralize alliance management.

Controversially respondents also answered that alliance management should be implemented within existing department for the following reasons:

- Alliances should be made local where specific knowledge is present about technical issues and the market.
- An introduction of any idea, such as alliance management, should fit with the governance structure. As Alliander is organized decentrally, alliance management should be organized in the same manner.

For formalization, the respondents agreed that a low level of formalization is preferable. Only light formalization such as a concept alliance document which would provide a guide of steps to develop an alliance. This guide could be the five steps in the alliances cycle of Duysters et al. (2002). Also a strategic check should be present and formalized.

Centralization defines the place where decisions are taken within a firm. Respondents mainly agreed that the current set-up is correct where all decisions on alliances are made by top management. This forces the alliance initiator to think whether the alliance is beneficial for the firm. In addition, even small alliances can create bad publicity for Alliander. This is because Alliander is a public firm who has to play a societal role. High centralization can prevent an alliance with a controversial partner. The lack of partner selection criteria can also be seen as a reason why high centralization is needed.

The high level of centralization is connected with the low level of formalization. It was argued that if a higher level of formalization was present, decisions could be delegated downwards. Similar reasoning was presented in the last paragraph about the absence of partner selection criteria. According to the CEO, in the long term it is not preferable that every alliance decision is made on the highest level at the organization. Another complication to delegate these decisions is that it also requires the presence of the competences in alliances, which is currently not the case.

\textsuperscript{15} "Ketendenken' is program formed to create a better coordination between the departments that have direct contact with customers.
4.5.4. Top-Down/Bottom-Up
Respondents agreed that both processes to come to an alliance should be present. You would like that from a strategic level a number of corporate alliances are formed. Next to that you would like to create a culture where employees create their own alliances (which can be supported by alliance management).

4.5.5. Level of Alliance Management
Respondents answered that the level of competence in alliance management needs to be increased. But, whether Alliander should proceed all the way up to a level 3 of alliance management competence was not confirmed. Some aspects of level 3 should be developed. For instance the development of alliances, Top-Down and Bottom-Up, should both be present. Alliander wishes to develop its alliance management towards at least level 2.

It can be concluded that Alliander is willing to improve its alliance management competences and is able to indicate on which parts it would like to improve.

4.6. External Set-ups of alliance management
This paragraph will discuss the results of the research of alliance management at other firms. Alliance management can be designed in different ways. This chapter will explore the different designs and will give the reasons for these designs. The analysis will explain how other firms deal with complexity, formalization and centralization. Then the discussion on Bottom-Up and Top-Down alliance formation will be presented. The analysis will proceed on how external firms look at the level of alliance management. Finally this paragraph will be concluded with an overview of the factors that affect the design of alliance management.

4.6.1. Decentral organized firms
Three organizations have parts of alliance management on central level where the other firms organized alliance management decentral. The firms who organize alliance management decentral do not perform many of the roles suggested by scientific literature. Figure 26 displays their design.
In these firms alliances are used only to support a specific business. Top management at that specific business then fulfills some of the roles of alliance management. For instance top management fulfills the mind setter role if it wishes that employees in its business unit should seek alliances. The same top management also fulfills the role as network manager for his specific business unit.

4.6.1.1. Reason for this design
The main reason for this design is that alliance management is driven by the business units. Results for each business unit are important. The governance structure is set-up that each business unit is responsible for its own strategy, finances etc. and thus also its alliances. For this reason these firms do no create corporate alliances where afterwards the firm would look at what it could mean for the specific businesses. Daily alliance management is also performed within the business units. It follows that alliances are seen as business specific.

4.6.2. Centrally organized firms
Three organizations do have a central point. In two of these organization board members themselves have alliance responsibilities. The design of the first centrally organized firm, called firm A, is displayed in Figure 27.

The first centrally organized firm divides its alliances in strategic alliances, partner alliances and other alliances. Strategic alliances span over multiple divisions, similar as corporate alliances. Partner alliances are restricted to one division. The other alliances are made on a local level, similar as business alliances. Strategic partners are most entangled with Firm A. This firm has three strategic alliances. This means for instance that strategic partners can view all internal documents of firm A and vice versa. Strategic partners are not by definition alliances that generate the highest revenues. Some partner alliances generate more revenue. The strategic alliances were made top-down in the perspective of reaching strategic goals sooner. Partner alliances are less complex as they create a less entangled connection with the partners. Partner alliances are created when firm A performs many projects together with a specific partner which then leads to an alliance. Finally the other alliances are more project based and do not have a long term impact.
Firm A has three board members for the three strategic alliances the firm has. Each board member has delegated his work towards a strategic alliance manager who coordinates the strategic alliance. This alliance manager performs all six roles stated by literature. Next to strategic alliances this firm also has seven close partners who have an alliance manager as well. These alliance managers do not report to a board member, but towards a business director. These alliance managers perform the six roles as well, although in a lighter form. Both the strategic as the partner alliance managers coordinate the daily management of the alliance. Finally firm A has around 25 local partners who do not have an alliance manager, where alliances are event and ad hoc driven.

4.6.2.1. Reason for this design
The main reason for this design is that firm A wishes to diversify its alliance management. It believes that different processes are needed for its three types of alliances. It would like to have more control on strategic alliances, where firm A sees control on partner and other alliances less necessary. The different processes firm A uses will be further explained later on.

The design of the second centrally organized firm, called firm B is displayed in Figure 28.

![Figure 28: A different design of a centrally organized firm B](image)

The second organization has one full-time responsible board member, a Vice-President of alliances. This firm also has a staff department called alliance management. This department performs all six roles of alliance management, although the role of mind setter does not have priority. The department is playing a facilitating role in the creation of alliances. After the formation of the alliance, the department is not involved anymore. This department is involved in the alliance lifecycle steps, defined by Duysters et al. (2002), organizational strategy, alliance strategy, partner selection and implementation. The steps operation, management and evaluation are not performed by the alliance management department, but by the business unit itself. Importantly, the alliance department is outsourced, which means external consultants are hired for the execution of alliance management.

4.6.2.2. Reason for this design
The reason for this design is that the business units are responsible for their own results. It follows that they create their own strategy and also their own alliances. This is similar to the
decentralized firms. The key difference is that firm B believes that it needs to possess an alliance capability. Thus it believes the fourth element of the alliance strategy, as defined by Gomes-Casseres, 2004, is important. Other elements, such as a portfolio approach, are not seen as important. Because firm B wants to possess the alliance capability, a central department has been created to support the business units in creating alliances. This department has the main responsibility to improve the alliance capability at firm B.

The last organization with centrally organized alliance management has a smaller staff department. Also there is no board responsible for alliances. Here the role of the legal department - who of course give legal advice during the alliance - is extended where they participate in creating best practices. This legal department fulfills the role of advisor, expert and knowledge manager. Other roles are not performed here. The alliance lifecycle steps operation, management and evaluation are performed by the businesses themselves.

4.6.2.3. Reason for this design
The reason for this design is similar with firm B and decentral organized firms. Business units are responsible for their own results and are managed as if it was a separate firm. The importance of an alliance capability is understood, perhaps by the legal department only. This is because only the legal department is developing knowledge on alliances.

4.6.3. Complexity, Formality and Centrality
Complexity has been discussed already. The conclusion here is that firms organize decentral or a combination of decentral and central, where the central role is a facilitating role. An exception is Firm A, which also has an executive role besides a central facilitating role of alliance management.

Formalization, which deals with the scale of implementation of rules and procedures, is low in decentral organized firms. The main rule appears here that it should support the business unit's strategy. In firm A, the level of formalization depends on the type of alliance. Strategic alliances have the most formalization. This is because the importance of these alliances is greater and the need for control is higher. Both firms are also more intertwined with each other, which also demands an additional set of rules. The partner alliances are less formalized. In firm B the level of formalization is low, where the staff department alliance management provides a guide, based on best practices, in order to make sure alliance initiators think of every ingredient needed for an alliance. The involvement of this department is not obliged, thus businesses can also create alliances without the help of the staff department of alliance management. This puts pressure on the central alliance department to deliver additional value.

Centralization, dealing with the place of decision rights within an organization, is organized decentral in the decentral organized firms. This means that top management within the businesses decides on alliances. Within firm B decisions are made by the businesses. The alliance management department only plays a supporting role.

Within firm A the strategic alliance manager has less decision rights compared to partner alliance managers. This is because there is a lot of formalization within strategic alliances. Thus when a strategic alliance manager wants to make changes he has to change all kinds of procedures, guidelines and reporting lines. The partner alliances (and the event driven alliances) work on a more opportunistic base bringing along more freedom. Figure 29 displays the design of the different types of alliances at firm A.
4.6.4. Top-Down and Bottom-Up

Literature also divides alliances between corporate, divisional and business alliances. The correctness of this categorization was confirmed by the respondents. One exception is that Firm B does not have corporate alliances, only divisional and business alliances. The respondents also confirmed that corporate alliances were mainly formed Top-Down and business alliances were mainly formed Bottom-Up. There are exceptions, where Bottom-Up formed alliances become a corporate alliance and Top-Down formed alliances end in a business. This does not happen very often.

4.6.5. Levels of Alliance Management

Respondents were asked to give their opinion on Table 11 which presents the development of alliance management and the division of the different levels. The most important remark is that one firm can have different levels of alliance management. Firm A is an example of this. Strategic alliances are managed here with a level 3 alliance management, partner alliances are managed with a level 2 alliance management and the other alliances are managed with a level 1 alliance management.

A matrix was also suggested in which you could plot the current alliances and their alliance management level. This matrix is displayed in Figure 30.
Developing Alliance Management at Alliander

This matrix could help firms creating an overview how their current alliances are managed. Next to that, firms could see whether the current form of alliance management is appropriate or not.

A final remark was made about the number of alliances. Respondents felt that the number of alliances do not correlate with the level of alliance management. A firm who has few alliances can still have a level 3 alliance management.

4.7. Factors affecting the design of Alliance management

The analysis of the last chapter showed that firms set-up alliances differently. This part will give an overview of the factors that affect the design of alliance management. Respondents from external firms were asked which factors affect their design of alliance management. Table 12 shows the overview of the factors mentioned by the respondents.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Effect on design of alliance management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of alliance</td>
<td>For each type (being corporate, divisional or business alliance) the design is different</td>
</tr>
<tr>
<td>Organizational structure</td>
<td>High levels of formalization lead towards high levels of formalization of alliance management</td>
</tr>
<tr>
<td></td>
<td>High levels of centralization lead towards high levels of centralization of alliance management</td>
</tr>
<tr>
<td></td>
<td>High levels of complexity lead towards low levels of complexity of alliance management</td>
</tr>
<tr>
<td>Culture</td>
<td>Risk aversity affects the level of formalization and the role of alliance management</td>
</tr>
<tr>
<td>Strategy</td>
<td>The strategy of the firm should be the main driver of the design of alliance management</td>
</tr>
<tr>
<td>Size</td>
<td>Larger firms tend to develop less alliances</td>
</tr>
<tr>
<td>Sector</td>
<td>In sectors where alliances are vital for survival, alliance management is more developed</td>
</tr>
</tbody>
</table>

Table 12: Factors that affect the design of alliance management
Each factor will be now be discussed more elaborately.

4.7.1. Type of alliance
This factor has been largely explained already by the design of Firm A. Alliance management can differ for each type of alliance. The example of firm A showed that corporate alliances have a different design of alliance management compared to business alliances.

4.7.2. Organizational structure
When firms formalize their organization to a large extent, alliance management tends to be more formalized. This originates from the need of control. Firms with high formalization have a higher need for control. For instance alliance contracts tend to be more extensive in formalized firms. Respondents confirmed this relation. The question remains if firms with high formalization should formalize alliance management to a high extent or not. This statement only says that highly formalized firms tend to formalize alliance management as well, whether this is advisable or not.

The same holds for the level of centralization. When a firm is hierarchical, alliance management tends to have a high centralization level. In order to develop alliances in hierarchical firms, only a few organizational layers should be involved. This is because at each layer the alliance can be stopped. This was the case at a firm which is very hierarchical. It follows that in hierarchical firms alliance management is organized close to board level. The reverse is also true, as has been seen in the examples of the decimal organized firms. Decimal organized firms have decentralized organized alliance management as well. Again, this statement only says that highly centralized firms tend to centralize alliance management as well, whether this is advisable or not.

Connected with this topic is the number of corporate departments. Respondents argued that when a firm has many corporate departments there is a natural resistance to create another corporate department. It is hard to stand out when you would create a corporate department alliance management among many other corporate departments. Thus when complexity is high in the firm, it is not wise to design alliance management in a complex way. In this case it was argued that it is better to incorporate alliance management into an existing department.

4.7.3. Culture
Firms can be risk averse or not. A risk averse firm will design alliance management in order to create and manage the risks of management. The level of formalization will then be higher. A risk taking firm will design alliance management in such a way that alliances make a maximum impact. For instance alliances are then used to create as many new businesses as possible. The mindset role will then be important. The task of alliance management will thus be different, from controlling to stimulating.

4.7.4. Strategy
Some respondents stated that the most important factor is the strategy of the firm. The argument was that the organizational structure, the culture, the size of the firm, the sector and being a public or private firm, shapes the strategy. Then this strategy is the main driver of how alliance management is designed within the firm. The respondents thus argued that strategy connects all mentioned factors and the design of alliance management.
4.7.5. Size of the firm
Alliances have an entrepreneurial character. It follows that alliances are a good way to make the firm more entrepreneurial. Smaller firms usually possess more entrepreneurial competences. This way the need for alliance management is greater at larger firms. Finance plays a role as well. Small firms often cannot survive without alliances. They do not have the resources compared to larger firms. Larger firms intend to do things more on their own. This also confirmed by existing literature. Porter and Lynch (2001) suggest that when resource availability is high, firms choose to develop internally. When resources are scarce, firms should choose to develop via alliances. This means that putting alliance management on the strategic agenda is more difficult in larger firms. Top-Down alliances are formed less, whereas at smaller firms Top-Down alliances (by the entrepreneur himself for instance) are formed easier.

4.7.6. Sector
Respondents answered that the sector can have a stimulating role in the development of alliance management. When you see alliances are vital for success in your environment you will see that the need for a professional organized alliance management is high. Examples are industries such as ICT and the airline industry. In these sectors it is important to build expertise on alliances, in order to create competitive advantage. In fact, being good at creating and managing alliances can be one of the main sources of competitive advantage (Harbison and Pekar, 1998). It follows that you will see higher levels of professional designs of alliance management in more demanding sectors.

4.7.7. Public-Private
The most mentioned difference between public and private organizations in alliances is the motive. Private organizations mainly have a monetary motive, where public organizations have a societal motive. Thus when public organizations have an innovation they are almost obliged to share this innovation by creating an alliance because they cannot use the innovation for commercial ends. In addition, governmental organizations such as local authorities do not want to bear financial risks, so private firms carry the financial risk. Confidentiality is also different. Public organizations are able to be more transparent considering their societal role. Private organizations have to be more protective because they like to create business around the alliance. This affects the level of formality, especially on rules on IP.

The easiness to create alliances also differs. Public organizations can form alliances with other public firms easily. However, when a public organization such as Alliander has an alliance with a private firm, the level playing field is not balanced anymore. Public firms have to be careful in his partner selection and it must communicate clearly why this alliance exists. This affects the design of partner selection criteria.

Private organizations are pushed more into alliances as well. The speed of innovation, which can be enhanced by alliances, can be critical for private firms for survival. Public organizations can often be categorized as monopolies. Monopolies are often less self critical thus the need to fill gaps via alliances is less. Monopolies also have the tendency to do everything themselves. Private firms thus have a greater need for professional alliance management.
4.8. Conclusion
In this chapter the results of the performed research were analyzed. First the main strategy was analyzed from where the importance of alliances was deducted. The conclusion was that Alliander's corporate strategy is not aligned with its alliance strategy. This links directly with the analysis of the current design of alliance management. Here it was concluded that Alliander does not use many of the mechanisms available in alliance management, especially when compared to its ambition in alliances. This brings up the next topic, the internal view of possible improvements on alliance management. Alliander is willing to make improvements itself and is able to indicate on which parts it would like to improve. Finally external firms were contacted to shed their light on the possible designs of alliance management. Different designs were discussed, as well as the reasons for that specific design.

In the next chapter the strategy, the current situation, internal view of development and the lessons learned from external firms will be combined into a design of alliance management for Alliander.
5. Design

This chapter will start by evaluating the factors that impact alliance management in the context of Alliander. By doing this, specific recommendations will be made for the design of alliance management at Alliander. The current situation, the internal view and the external view of how alliance management should be developed, will be summarized. A SWOT analysis will then be presented to show the possibilities of improvement. Finally, combining all views and recommendations a design of alliance management for Alliander specific will be created.

5.1. Factors geared to Alliander

In the chapter analysis the factors that affect the design of alliance management were explained. In this part these factors will be geared towards Alliander. This means that the factors will be adjusted according to an Alliander context.

The first factor, type of alliances, can be applied to Alliander. Analysis showed that Alliander has two different types of alliances: business alliances and corporate alliances. This means a different type of alliance management should be applied to both types. Within business alliances the level of alliance management should be lower compared to corporate alliances.

The second factor, organizational structure, can be applied within Alliander as well. Considering formality, Alliander tends to be formal, although staff departments have fewer rules and guidelines. Alliance management is a staff function. There is also a trend towards less formalization in Alliander. This means that Alliander should develop a light formalized process, which fits within the current structure. Because of this fit, it is more likely that the new design will be adopted by the firm. When parts of a new design imply a change significantly in structure the complete design might face rejection. It is advisable that there should be a checklist of steps, where it is important that employees are not obliged to take each step.

For centrality, Alliander is organized decentrally where the businesses are leading. Within the business unit Alliander is centrally organized. Alliance management should be designed in the same manner for the same reasons advocated in the last chapter. Thus alliance management decisions should be made by top management of the business units. Again, because of this fit, it is more likely that the new design will be adopted by the firm.

It was also suggested that firms who already have a large number of corporate departments, should not create an extra department alliance management. As the complexity of Alliander is high, meaning there are a lot of specialized departments, it is not advisable to create a new staff department alliance management. It follows that alliance management should be incorporated within an existing department.

The third factor, culture, will be applied in the design of alliance management for Alliander. Risk aversion was mentioned to be an important factor. Alliander is not particular risk averse, but it is risk averse considering partner selection. In the analysis it is stated that Alliander has less flexibility choosing their partners compared to private firms. It follows that the design of alliance managed should take care of a structured partner selection process.
A fourth factor, size of the firm, affects the design as well. Alliander’s size can be considered large. This means the organization has more of a managing character compared to an entrepreneurial character. This has direct consequences for the formation of Bottom-up alliances. Employees are more managerial which indicates that they would not easily create alliances on their own initiative. This confirms the earlier statements that Alliander was an introvert firm and the strategy is mainly operational excellence. This means that a mind setting role for a cultural change is important within Alliander. It was also advocated in the analysis that putting alliance management on the strategic agenda is more difficult in larger firms. Top-Down alliances are formed less, whereas at smaller firms top-down are formed easier. Thus the design of alliance management should also stimulate top-down alliances. An important way of doing this is by creating an alliance strategy, an alliance framework communicated to employees and perhaps by initiating top-down alliances by an alliance department.

The fifth factor sector should be seen as a stimulating factor for Alliander. The sector wishes to facilitate the energy transition. A single firm cannot realize the energy transition alone. Surely this insight has already been translated within the current strategy of Alliander, which is one of the main reasons why Alliander would like to further develop its alliance competence.

The last factor, public – private, will affect the design in the following way. What has already been mentioned is that Alliander has to pay more attention to the selection of its partners. Public firms also have fewer issues with confidentiality, thus formality considering the IP rights for instance are not a big issue. For this reason the mechanism gatekeeper is not necessary within Alliander.

5.2. Overview: Current Design, Internal view and External view
Table 13 gives an overview of the current design of alliance management at Alliander. Table 13 also summarizes the opinions of employees within Alliander on how they think alliance management should be developed. This is called the internal view. Finally external research indicated factors that affect the design of alliance management. In the last paragraph these factors were geared towards Alliander, creating recommendations for Alliander’s alliance management design. This is called the external view.
### Current Design

<table>
<thead>
<tr>
<th>Mechanisms</th>
<th>Current Design</th>
<th>Internal View</th>
<th>External View</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functions</td>
<td>- Scattered among the CEO and strategy, legal and alliance management department</td>
<td>- A small department to implement structure and a small number of corporate alliances</td>
<td>- Variable</td>
</tr>
<tr>
<td>Tools</td>
<td>- Culture Program</td>
<td>- Partner selection criteria</td>
<td>- Partner Selection criteria</td>
</tr>
<tr>
<td></td>
<td>- Project evaluations do not include alliance specific topics</td>
<td>- Alliance database</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Culture Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Competence framework on alliances</td>
<td></td>
</tr>
<tr>
<td>Processes</td>
<td>- Approval investment procedures</td>
<td>- Exchanging experiences</td>
<td>- Mindsetting role</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Create Alliance Strategy</td>
</tr>
<tr>
<td>Roles</td>
<td>- Some experts are present</td>
<td>- Advisor</td>
<td>- Depending on type of alliance</td>
</tr>
<tr>
<td></td>
<td>- Department strategy has an advising role</td>
<td>- Expert</td>
<td>- Incorporate within existing department</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Mind settler</td>
<td></td>
</tr>
<tr>
<td>Complexity</td>
<td>- Low</td>
<td>- Mixed opinions</td>
<td>- Depending on type of alliance</td>
</tr>
<tr>
<td>Formalization</td>
<td></td>
<td></td>
<td>- Low-medium</td>
</tr>
<tr>
<td>Centralization</td>
<td></td>
<td></td>
<td>- Depending on type of alliance</td>
</tr>
<tr>
<td></td>
<td>- High</td>
<td>- High</td>
<td>- Decisions should be made by top management of the business unit</td>
</tr>
<tr>
<td>Top-Down &amp; Bottom-Up</td>
<td>- Both are present, but not in a balanced way</td>
<td>- Should be balanced</td>
<td>- Should be balanced</td>
</tr>
<tr>
<td>Level of Alliance Management</td>
<td>- Mostly in level 1</td>
<td>- At least level 2</td>
<td>- Diversify</td>
</tr>
</tbody>
</table>

Table 13: Overview of the current design, the internal and external view of alliance management

Table 13 summarizes what the analysis has showed us so far. Table 13 will be a guide for Alliander’s new design of alliance management.

#### 5.2.1. SWOT analyses of Alliance Management

Table 13 gave an overview of what is currently present, opinions of employee’s and finally factors that would affect the design of alliance management. This will be used as an input for
Table 14, which will display the current Strengths, Weaknesses, Opportunities and Threats of alliance management in a SWOT analysis.

<table>
<thead>
<tr>
<th>SWOT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strengths</strong></td>
<td><strong>Weaknesses</strong></td>
</tr>
<tr>
<td>Awareness of importance of alliances</td>
<td>Absence / misalignment of alliance strategy</td>
</tr>
<tr>
<td>Shift corporate strategy from operational excellence towards customer intimacy</td>
<td>Absence of an overview of alliances and therefore a Portfolio approach as well</td>
</tr>
<tr>
<td>Alliance responsibility is aligned with the current governance structure</td>
<td>Arbitrary partner selection</td>
</tr>
<tr>
<td>Legal department has expertise on alliances</td>
<td>Governance structure leading towards centrally made decisions</td>
</tr>
<tr>
<td>Strategy of alliances is checked with the department Strategy</td>
<td>Evaluation on alliance specific topics is not done</td>
</tr>
<tr>
<td>Daily management is usually performed by responsible department</td>
<td>Absence of a supportive alliance department</td>
</tr>
<tr>
<td>Culture program</td>
<td>Absence of competence framework in the management development program</td>
</tr>
<tr>
<td>Alliance Managers do not have the main decision rights</td>
<td>Alliance experiences are not shared across departments</td>
</tr>
<tr>
<td>Presence of both Bottom-Up and Top-Down alliances</td>
<td>Roles of alliance management, suggested by literature, are scarcely present</td>
</tr>
<tr>
<td>Environment demands a more external view of Alliander</td>
<td>Lack of formality in the alliance process</td>
</tr>
<tr>
<td>Innovation is needed to contribute to the energy transition</td>
<td>Aggregation level is only on department level</td>
</tr>
<tr>
<td>Direction of energy transition is unclear</td>
<td>Lack of ability to train employees in alliance competences</td>
</tr>
</tbody>
</table>

5.2.1.1. **Strengths:**

First of all, alliances are important for Alliander which is shown in Figure 20 and Figure 21. In addition, the shift in corporate strategy from operational excellence towards customer intimacy, displayed in Figure 18, can be seen advantageous for alliance management because a more external view of the firm is desired.

The alliance responsibility is aligned with the current governance structure. This means that the departments which can decide themselves to use alliances or not.

The Legal and Strategy departments are involved in the alliance lifecycle steps, as displayed in Figure 23. The alliance lifecycle step management is performed by the departments themselves, who are also responsible for the alliance. An exception is the current Alliance Management department, which also manages alliances outside the field of their own department. A culture program is present including a transition team leading the cultural change. Alliance managers do not have the main decision rights, which is considered to be a good thing by all respondents. Finally both Bottom-Up and Top-Down alliances are present at Alliander.
5.2.1.2. Weaknesses
First, as mentioned in paragraph 4.2.4., the alliance strategy is misaligned with corporate strategy. Related to this is the absence of an overview of alliances. A portfolio approach is not present because of this. The partner selection process depends a lot on the alliance initiator, where there are currently no criteria present for alliance partners. The current governance structure leads towards the fact that the CEO is involved in many cases. This can be seen as a weakness as the CEO should not be involved in most of the alliances. The CEO has of course other duties as well. This was also indicated by the CEO himself. However, the CEO is currently unable to delegate this task because the competences to do this are missing in his firm.

Evaluation on alliance specific topics is not done, which means learning from alliances is restricted. Perhaps this is caused by the absence of a supportive alliance department who could stimulate learning processes for Alliander’s employees. It follows that a competence framework in the management development program is absent. Because there is a lack of reflection on alliances, alliance experiences are not shared across departments.

Roles of alliance management, suggested by literature, are scarcely present as described in paragraph 4.2.3.5. There is also a lack of formality in the alliance process, where the only rule is that it should support the business. Finally, a drawback of the current governance system is that the current aggregation level is only on department level. The analysis also showed Alliander lacks the ability to train employees in alliance competences.

5.2.1.3. Opportunities
The opportunities should stimulate the implementation of a new design. First, the external environment demands a more external view of Alliander. As Appendix XIV and XVI show, Alliander can no longer do things just on their own. The energy transition requires cooperation between many parties. The energy transition also demands innovation. Alliances can be seen as an important way to be innovative, which is also the case in Alliander as displayed in Figure 20.

Finally the direction of the energy transition is unclear. This might be disadvantageous for Alliander in general. Alliances are a great way to spread risks. In uncertain markets alliances are ideal to experiment with new product market combinations (Duysters, 2001a). It follows that this gives an opportunity to make good use of the advantage of alliances.

5.2.1.4. Threats
Alliances are hard to use with the goal being revenue growth, as Alliander is restricted by rules implemented by the government. This can restrict the use of alliances. In addition, there is a large impact of bad publicity when a faulty alliance will be made. This is because Alliander is a public firm which means it has to play a societal role and money spent is seen as tax money. Finally there is a tendency to stronger supervision by government which could restrict the formation of alliances further.

5.3. New design
In the new design all gathered information will be combined, creating a design that should be supported by the analysis performed. The design should implement the suggestions made the employees with a check whether this is preferable or not. Finally the design should tackle the current weaknesses of alliance management as displayed in the SWOT of alliance management in Table 14.
5.3.1. Functions
The overview of the functions involved is shown in Figure 31.

![Diagram showing the overview of functions involved in the design of alliance management.](image)

Figure 31: Overview of functions involved in the design of alliance management

Figure 31 states that many parties should be involved with alliance management. Three functions are involved, namely staff, top management of the business units and the board of Alliander.

Different staff departments are responsible for numerous activities, which will be explained in the next paragraph. The businesses and the board are involved in numerous activities including their responsibilities. The new design will involve the creation of a new entity. Alliander does have many corporate staff departments already. It follows from earlier recommendations that a standalone department of alliance management is not advisable. The most logic place to organize a corporate alliance management department within Alliander is within the Strategy department. For the ease of explaining, this new entity will be called the corporate alliance department although this department is imbedded within the department Strategy.

5.3.2. Activities and Responsibilities
The design is twofold, where there is a different design for business alliances and corporate alliances. The analysis showed that firms should diversify its alliance management in order to deal with the different type of alliances. Alliander has two types of alliances, namely business and corporate alliances. The design for business alliances should be optimized stimulating Bottom-Up alliances. The same holds for corporate alliances which are usually formed Top-Down. First the steps of the alliance cycle in business alliances will be presented in Figure 32.
Figure 32 shows the five steps of the alliance lifecycle. In each step the involved parties are mentioned. In addition, responsibilities are added as well when departments should give advice. Next, Figure 33 will show the same steps for corporate alliances.
De Man (2006) stated that it is a good choice to centralize knowledge in a competence centre. This design incorporates this vision where in business alliances the corporate alliance department plays a facilitating role. However, the corporate alliance department should start critical and justified corporate alliances, initiated from corporate strategy. The reason for this is that the formation of top-down alliances should be stimulated. In addition, the department acquires more experience on alliance management making sure the competences of the department are up to date. Also, the department sets an example to create alliances, making alliances more visible throughout the firm. It must be emphasized that this is applied to only a handful critical and justified corporate alliances, where the businesses themselves should create the majority of alliances. Furthermore, the corporate alliance department formulates the alliance strategy.
Developing Alliance Management at Alliander

strategy which deals with the weakness of the absence / misalignment of the alliance strategy and further stimulates the Top-Down process.

In business alliances the corporate alliance department helps top-management in the businesses to make use of alliances to reach strategic departmental goals. This way the corporate department helps and stimulates alliances formed by the businesses themselves stimulating the formation of business alliances. In addition, the corporate alliance department supplies the businesses with partner selection criteria, dealing with the weakness of arbitrary partner selection. The weakness absence of evaluation on alliance specific topics is dealt with by the fact that the corporate alliance department should be responsible for cross evaluation by introducing best practices. Formality is introduced in the alliance process. The corporate alliance department should supply a guide to the businesses, for instance in the shape of a best practice, of which steps one could take in an alliance. In addition, several formal checks are now imbedded such as the check with the department Strategy, Legal and Finance as well as the introduction of partner selection criteria.

The corporate alliance department also picks up the task to create an overview of alliances which allows it to perform a portfolio approach further stimulating the top-down process. The aggregation level of alliance management is now heightened from divisional towards firm level. This means an overview of alliances will be present throughout the firm and not only within one department. Also experiences are shared across departments, whereas experiences are now (if) shared within a department. Finally, alignment of the strategy of alliances and corporate strategy is performed by the corporate alliance department, heightening the aggregation level from divisional towards firm level.

Creating best practices, sharing experiences and cross evaluation of alliance specific topics should increase knowledge on alliance and alliance capabilities. This is the first step tackling the weakness 'lack of ability to train employees in alliance competences'.

Finally, the weakness that the current governance structure leads towards centrally made decisions is still present. An explanation is that the benefits of alignment with the current overall governance structure outweigh the drawbacks of the fact that many decisions on alliances go upstream. Perhaps in the future, as explained and suggested later, the corporate alliance department could have the responsibilities and decision rights of alliance management currently held by the CEO.

Summarizing, a limited but critical amount of alliances should be made Top-Down initiated by the corporate alliance department. Most importantly, the alliance framework should stimulate the formation of alliance based on corporate strategy by the businesses themselves. Businesses themselves should create the majority of alliances Business alliances should be made and decided by the business units. The corporate department can help the departments facilitating and stimulating business alliances. While the structure of both alliances is different, alliances and alliance management are diversified correctly.
5.3.3. Building blocks

The building blocks complexity, formalization and centralization are different for corporate and business alliances as well. Figure 33 displays the two different designs.

![Figure 33: Building blocks complexity, formalization and centralization and the two types of alliances](image)

Figure 33 presents a high level of centralization for strategic alliances and a medium level of centralization for business alliances. This way the alliance process is aligned with the current governance structure. Each department has its own responsibilities, thus departments should also have control over their alliances (which can affect results of this department). It follows that top management of a specific department should decide on alliances themselves. When an alliance is broader and involves multiple departments (corporate alliance), the decision should be made higher, at board level. Possibly this decision could also be made by the corporate alliance department in the future, taking responsibility away from the CEO.

Corporate alliances should be more formal. This is because the impact of corporate alliances is larger compared to business alliance. Alliander should therefore have more control, which can be achieved by formalization. This means that the fit with corporate strategy should be tighter and the partner selection criteria should be sharper. Formality should be low in business alliances. Employees should not feel restricted by obligatory rules. Instead, a non compulsory guide with steps, provided by the corporate alliance department, should be used. This formality should be formed together with the alliance framework, also provided by the alliance management, to help employees finding directions within alliances.

Complexity is medium in business alliances. This means that no specific department is created to be responsible for business alliances, but all departments are responsible for creating their own alliances. This of course fits again with the current governance structure. As can be seen in Figure 32, the corporate alliance department should form the corporate alliance strategy, communicate the alliance framework, give advice on the strategy of each alliance, supply partner selection criteria and help with cross evaluation by sharing alliance experiences. Again, this choice is confirmed by De Man (2006) who stated it is not a good choice to centralize alliance management. Too much centralization means the flexibility and the adaptability are constrained in especially business alliances. It follows that the corporate alliance department should be mainly created to perform these supportive tasks.
Complexity is high in corporate alliances. This is because the corporate alliance department fulfills an active role in corporate alliances. The coordination of the alliance constellation and spotting corporate alliance opportunities are performed by the corporate alliance department. In addition, it needs to find potential partners, including internal departments. This means that the corporate alliance department needs to find a department who is interested in the alliance to take over the responsibility of the alliance. It follows that when no internal department is found to be interested in the alliance, the alliance cannot be continued. Finally, experts in finance or legal should not be pulled out of their current departments and into the corporate alliance department, but the corporate alliance department should bring these experts along when alliances are formed.

This way, again, alliance management is diversified while stimulating the formation of both Bottom-Up as Top-Down alliances.

5.4.4. Mechanisms
Employees and external firms suggested a few mechanisms to be implemented. These were:

- Partner selection criteria
- Alliance database
- Competence framework for employees
- Exchanging experiences

Kale and Singh (2007) divided the mechanisms into four learning processes of alliance management which are articulation, codification, sharing and internalization. This is displayed in Figure 10. The first two categories focus on capturing data and the creation of knowledge, where the second group focuses on spreading this data and knowledge in the firm. It follows that if new mechanisms are to be developed, the firm should choose to develop the mechanisms showed in articulation and codification (Van de Sande, 2009).

Within articulation and codification the mechanisms Standard Partner Selection, Alliance Database and Best Practices are mentioned. Best practices are a way to exchange experiences on alliances. This means that literature suggests Alliander should implement partner selection criteria, the alliance database and exchanging experiences via best practices first. Creating a competence framework for employees should then be implemented at a later stage and is not part of this design.

5.4. Conclusion
This chapter started by gearing the factors that affect alliance management towards Alliander. By doing this, specific recommendations were made for the design of alliance management. Next to that this chapter summarized the analyses so far and A SWOT was made on alliance management in Alliander. Combining all views and recommendations a design of alliance management for Alliander specific was created. This design is twofold, meaning a specific design was created for business alliances and a specific design for corporate alliances was created.
6. Conclusion

In this chapter, the conclusions of this master thesis research will be addressed. This will start by an introduction of the research questions. This will be followed by the practical implications for Alliander specific. Then the theoretical implications where the four gaps of literature, defined earlier in the chapter literature, will be addressed. General managerial implications on the literature gaps are presented. This paragraph is concluded by the limitations of this research project followed by recommendations for future research.

6.0.1. Introduction

In this chapter, the main conclusions of this master thesis research project on alliance management at Alliander is presented. In order to come to conclusions, the start of this master thesis research project will be showed by stating the main research question:

“How should alliance management in firms be built and which factors determine its design when alliances in innovation are to be set-up successfully, especially within Alliander?”

In order to answer the main research question sub questions were formed. The sub-questions 1, 4 and 5 will be discussed in the part practical implications. The sub-questions 1, 4 and 5 are:

- “What is the business strategy and corresponding alliance strategy of Alliander?
- “How is alliance management currently employed within Alliander?”
- “How should alliance management look like within Alliander”

The sub questions 2 and 3 will be addressed in the part theoretical implications, along with the four theoretical gaps. The sub-questions 2 and 3 are:

- “What building blocks are available in the design of alliance management?”
- “Which factors can determine the design of alliance management and how do they affect this design?”

6.1. Practical implications for Alliander

Various scholars have shown the practical need of alliance management. High failure rates of alliances (Wildeman, 1998 & Duysters et al., 2004) have raised awareness that alliances are not an easy option for firms. One of the main reasons is that firms do not have enough alliance experience, nor have they built up adequate capability to manage alliances (Draulans et al., 2003). All too often alliances are seen as outside ‘core’ operations and therefore are able to claim fewer resources (Gomes-Casseres, 2004). In fact, relying on someone else to implement a piece of your strategy may require more, not less, management effort.

It follows that firms that have installed various alliance management techniques (De Man, 2005). Firms that are doing this are frequently cited for their alliance capability. Thus, it is apparent that highly successful alliance firms are consciously and successfully managing their alliance capabilities (Duysters et al., 2004). Research also showed that these installed alliance
management mechanisms do affect positively on alliance success in general and financially in particular (Boonstra, 2007).

The strategy was investigated where a shift from operational excellence towards customer intimacy was determined. This implicates a shift from an internal towards an external view. It follows that Alliander has the ambition to become a more externally orientated firm. This can be achieved partly by looking for opportunities and create alliances. What followed was the conclusion that Alliander currently sees alliances as an important growth strategy outside revenue growth, but inside other topics, especially in innovation. Taking a 60% share for alliances showed that alliances are the preferable option for innovation. The analysis showed that corporate strategy is not aligned with the alliance strategy. This means that corporate strategy is not translated towards a strategy for alliances, a portfolio approach is missing and finally the alliance competence is not at the preferred level.

To investigate the alliance competence level the current design of alliance management of Alliander was analyzed. One of the main important conclusions was that mechanisms of alliance management are scarcely present. A culture program is present. Evaluation and approval procedures are present, although they are not geared especially towards alliances. Therefore learning from alliances is currently restricted via personal experience. Current approval procedures lead towards the fact that the CEO decides on many alliances. The current design leads towards the situation that many alliances are set-up in a rather ad-hoc way with or without a handful of criteria.

Alliance management is now performed throughout the firm. Many departments currently create their own alliances. The management of the alliances is also performed by the departments. Supporting roles are provided by for instance the department Strategy who advises on the strategy of the alliances or by the department Legal who, of course, give legal advice on alliances. The department Strategy is also setting up its own alliances. Finally the CEO decides on the execution of many of the alliances, where he also creates alliances himself.

Following from the discussion on how alliance management is currently implemented at Alliander is the discussion on how alliance management should be implemented at Alliander. The design was based on three views, namely the current situation, the internal and the external view of the development of alliance management. The internal view showed how Alliander thinks it should develop its own alliance management. The external view showed how alliance management can be implemented and which factors are important for the design of alliance management. From these views a SWOT of alliance management was made to define possible improvements in alliance management.

The design is based on the underlying argument that firms should be able to diversify in alliances. This means that alliances should be able to be formed Top-Down and Bottom-Up and thus facilitating the formation of alliances at any level in the organization. The alliance management design should support the diversification of alliances by being diverse itself. Thus, the design should support and facilitate the formation of corporate alliances (usually formed Top-Down) as well as business alliances (usually formed Bottom-Up). At the hand of the lifecycle steps of an alliance, developed by Duysters et al. (2002), activities and responsibilities were defined. In addition, these activities and responsibilities were assigned towards a department. Next, the building blocks complexity, formalization and centralization were designed in the same
Developing Alliance Management at Alliander

twofold way, differentiating between corporate and business alliances. Finally the suggested mechanisms were tested, with the help of the research of Kale et al. (2007), on which mechanisms should be implemented first.

6.1.1. Recommendations
From the design recommendations can be formed. The recommendations are:

- Form an alliance strategy which translates the corporate strategy into alliance opportunities. This should create a framework of topics derived from strategy, which should be communicated clearly to employees. Employees themselves can then create alliances within this framework.
- Create an alliance entity (preferably incorporated within the department Strategy). This entity can help during all steps of the alliance lifecycle.
- The alliance entity should heighten the aggregation level from divisional to firm in a facilitating role. This is done by creating overall alliance corporate strategy and by creating an overview of the current alliances. A portfolio approach can then be introduced as well. Thus the governance structure remains unchanged where decisions are mainly made by the departments themselves.
- Experts on alliances, such as legal of financial experts, should remain in their own departments where they should be involved in alliances on demand.
- Corporate alliances should be initiated and developed more centrally by the alliance entity. Corporate alliances should be more formal where some guidelines should be compulsory. Corporate alliances should also have high centrality, thus the board should decide on them.
- Business alliances should be formed decentrally, supporting their business unit. Formality should be light. A non compulsory guide with steps, provided by the alliance entity, should be used. This formality should be formed together with the framework, provided by the alliance entity as well. Finally the decisions on business alliances should be made by top management of the specific business unit.
- Help top management in the departments make use of alliances by looking for possibilities for alliances that would accelerate the departmental strategy. This can be done by attending the meetings of the MT\textsuperscript{16} of each department. This further stimulates the formation of business alliances.
- Become ‘alliance prepared’, as described by Appendix XVII. To stimulate the formation of Bottom-Up alliances a cultural change is needed. This is done by the culture program which is already present at Alliander. From the perspective of alliances management, the current culture program should be further supported.
- Create an overview of alliances. An alliance database can be set-up to foster collaboration between departments. New alliances could be created faster and easier via contacts which already exist. This also enables a portfolio approach of alliances.
- Create a partner selection process. Current partner selection is based in an ad hoc way depending on personal networks and preferences.
- Stimulate the sharing of experiences on alliances. This can be done via events were knowledge is shared or, preferably, by creating best practice documents.

\textsuperscript{16} MT = Management Team
6.2. Theoretical implications

This part will present answers on sub-question 2 and 3. This is done by addressing the four literature gaps which were defined earlier in the chapter Literature. The topics of the gaps are:

- Alliance management building blocks.
- Top-Down or Bottom-Up alliance development
- Public versus Private.
- Why alliance management is not the same in every firm.

Each gap will be addressed separately.

6.2.1. Gap 1: Alliance management building blocks

In this part the buildings blocks of alliance management will be discussed. The start of the alliance building blocks was a study performed by Draulans et al. (1999) who divided firms in different levels of alliance management based on competence level. Their research was further investigated by adding new building blocks, such as the type of alliances, alliance formation, complexity, formalization, centralization and roles displayed in Table 11. Table 15 displays the end result.

<table>
<thead>
<tr>
<th>Impact of Alliances</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Small</td>
<td>Reasonable</td>
<td>Large</td>
</tr>
<tr>
<td>Aggregation level</td>
<td>Individual</td>
<td>Group</td>
<td>Firm</td>
</tr>
<tr>
<td></td>
<td>High for certain divisions</td>
<td>Strategic for entire firm</td>
<td></td>
</tr>
<tr>
<td>Importance</td>
<td>None</td>
<td>When it suits</td>
<td>Continuously monitored</td>
</tr>
<tr>
<td>Alignment with strategy</td>
<td>Business</td>
<td>Divisional</td>
<td>Corporate</td>
</tr>
<tr>
<td>Type alliances</td>
<td>Low</td>
<td>Low</td>
<td>Medium - High</td>
</tr>
<tr>
<td>Alliance formation</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Complexity</td>
<td>Centralized</td>
<td>Centralized</td>
<td>Centralized</td>
</tr>
<tr>
<td>Formalization</td>
<td>Expert</td>
<td>Expert</td>
<td>Expert</td>
</tr>
<tr>
<td>Centralization</td>
<td>Advisor</td>
<td>Advisor</td>
<td>Advisor</td>
</tr>
<tr>
<td>Roles</td>
<td>Expert</td>
<td>Expert</td>
<td>Expert</td>
</tr>
</tbody>
</table>

Table 15: Model of the development of alliance management.

Firstly the impact of alliances has been added to Table 15. Originally the number of alliances was stated (Draulans et al., 1999), where many respondents added that the impact of alliances is a better way of depicting the changes in each level.

Draulans et al. (1999) suggested that firms have different maturity levels of alliance management. The most important conclusion of this research is that one firm can have different levels of alliance management and thus is not restricted of being in one specific level. Corporate alliances can be managed with a level 3 alliance management, divisional alliances can be managed with a level 2 alliance management and business alliances can be managed with a level 1 alliance management. It is the question whether firms manage their alliances that require level 3 alliance management, also manage that specific alliance with a level 3 alliance management. Within Alliander this was not the case.

The topics 'Type of alliance' and 'Alliance formation' are further elaborated in the next chapter.
For complexity, which deals with the question whether to set-up a department of alliance management or not, it can be concluded that most firms only feel the need to create a department which can create a limited but critical amount of corporate alliances. The overall responsibility of conducting business and divisional alliances should be incorporated within the different businesses and departments of the firm. The responsibility of alliance management then lies within the top management of that business or department. Thus the statement of De Man (2006) that it is not a good idea to centralize the creation of alliances, is confirmed in this study. Centralization of a facilitating role of alliance management, as also suggested by De Man (2006), is advisable. Thus the complexity in creation of alliances is only in some cases high. Complexity is higher considering the facilitation of alliances. In addition, it was also indicated when firms already have many corporate departments, alliance management should be incorporated within an existing department. This is contradictory of what was suggested in paragraph 3.6.1. where it was augmented that firms who are complex would also organize alliance management in a complex way.

For formalization, which deals with the scale of implementation of rules and procedures, the main conclusion is that it is generally low in all the investigated firms. Stronger formalization was only found when dealing with corporate alliances. The main reason for this was control, where corporate alliances have a large impact on the firm on which you would like to have some degree of control. A staff department alliance management can provide a guide, based on best practices, in order to make sure alliance initiators think of every ingredient needed for an alliance. This can be seen as light formalization. In paragraph 3.6.1. a controversy was suggested. Alliance managers would be specialists and therefore need low levels of formalization where the alliance management mechanisms contribute to formalization. Strong formalization was not preferred in all firms. Thus, alliance management mechanisms should play a supportive role, not an obligatory active one.

For centralization, which deals with the delegation of decision rights, the respondents concluded that alliance managers should not have decision rights. Earlier in paragraph 3.6.1., it was advocated that alliance managers are specialists and might need authority to convince other employees in participating in the alliances. This would lead towards more decentralization by giving more decision rights to alliance managers. This study found that in most firms alliance managers do not have decision rights. The reason for this it’s a good thing that alliance managers have to convince other employees ensuring participation and motivation of the firm itself. In addition, in many firms alliance management plays a facilitating role where decisions are finally made by the businesses and department themselves and not by alliance management. It follows that decisions on alliances are centrally made either by the head of the department or by the board themselves. Thus the suggested controversy of centralization introduces in the literature gap Alliance Management Building Blocks, is not present in practice.

In total six roles were defined by literature (Bell and Lemmens, 2007; Doz and Hamel, 1998) which are expert, advisor, knowledge manager, trainer, network manager, mind setter. The main insight in this study is that the respondents felt there was no significant difference in the roles of alliance management. Many respondents felt that the roles are usually combined and performed at the same time. For instance, being a knowledge manager of alliance management would mean that you collect alliance experiences and knowledge throughout the firm. This knowledge is usually used by the same alliance management making them an expert. However when asked which roles were performed the most or are most needed, respondents answered the advisor
and expert role were dominant. This was confirmed by Alliander and by the designs of alliance management at other firms. Thus many of the roles are fulfilled at once where the advisor and expert role are the most dominant roles of alliance management. The conclusion is that the roles suggested by Bell and Lemmens (2007) are present at firms, but it is difficult to implement them at different times. Thus trying to implement specific roles first is not advisable.

6.2.2. Gap 2: Top-Down or Bottom-Up alliance development
In the chapter Literature alliance development is described as either a Top-Down process or a Bottom-Up process. In a Top-Down process the corporate strategy defines the need to create a network strategy and from here partners are selected. In a Bottom-Up process alliances happen ad hoc with partners who seemed convenient for the local business manager without a specific link to the corporate strategy.

A model was presented in a way in which both are applicable. For this to be explained, one needs to see that alliances can be formed both from the top and from the bottom. Borker et al. (2004) defines three types of alliances each which can be created at different levels. The three types are:

- **Corporate alliances**: alliances between several divisions and an external partner. Corporate alliances are usually formed by top management and are therefore Top-Down.
- **Divisional alliances**: alliances on a strategic level, between one division and an external partner. These alliances can be formed either Top-Down or Bottom-Up.
- **Business alliances**: alliances on an operational or tactical level, between one department and an external partner which can revolve around logistics, purchasing etc. Business alliances are formed Bottom-Up.

The main conclusion is that respondents answered that both processes, Bottom-Up and Top-Down, are present at their organizations. Both processes are also seen as important to be present at organizations. The correctness of this categorization, being corporate, divisional and business alliances, was confirmed by the respondents. Exceptions did exist where one firm did not have corporate alliances and another firm did not have divisional alliances. The respondents also confirmed that corporate alliances were mainly formed Top-Down and business alliances were mainly formed Bottom-Up. There are exceptions, where Bottom-Up formed alliances become a corporate alliance and Top-Down formed alliances end in a business. This does not happen very often. Thus the overall conclusion is that both processes are present at firms and a good indicator of which process is applied is the type of alliance (being corporate, divisional or business).

6.2.3. Gap 3: Public versus Private
The chapter Literature showed that alliance literature is mainly based on alliances between private firms. Alliander is a public firm. This gave the opportunity of looking into this topic by creating a sketch of the main differences in alliance management between public and private firms. The differences have been discussed in the chapter Analyses. A short overview of the differences:

- **Motive**: Private organizations mainly have a monetary motive, where public organizations have a societal motive. Publics firms are therefore more eager to share knowledge and innovations. It follows that public firms are more transparent. Private organizations have to be more protective if they wish to create business from the alliance. This affects the level of formality on especially IP rights.
Developing Alliance Management at Alliander

- Easiness of alliance creation: Public organizations can form alliances with other public firms easily. However, when a public organization has an alliance with a private firm, the level playing field is not balanced anymore. Public firms have to be careful in partner selection and must communicate clearly why this alliance exists. This affects the design of partner selection criteria. This was also the case within Cyber-TEC.

- Drive to alliance: Private organizations are pushed more into alliances if only purely for survival reasons. Public organizations can often be categorized as monopolies. Monopolies are often less self-critical thus the need to fill gaps via alliances is less. Monopolies also have the tendency to do everything themselves. Private firms thus have a greater need for professional alliance management.

The conclusion here is that three main differences in alliance management between public and private firms were indicated by this research. Although this might only be a sketch, it is certainly an interesting and relevant topic for public firms and thus for further investigation.

6.2.4. Gap 4: Why alliance management is not the same in every firm.

Literature on developing alliances capabilities and departments is still in its infancy. A remarkable observation made in recent contributions is that firms develop alliance capabilities in different ways. This is confirmed by Draulans et al. (2003) who state that firms go through different development paths deploying different types of mechanisms along the way.

De Man (2006) concludes that there is not one model of an alliance department which will fit in every firm. This means that firms can commit to various mechanisms depending on certain factors (Zollo and Winter, 2002). Which factors make a difference is not defined by literature. The chapter Literature stated the suggested factors. The chapter Analysis displayed in total seven factors which were found to affect alliance management. Table 16 displays the suggested and found factors in this research.

<table>
<thead>
<tr>
<th>Suggested</th>
<th>Found</th>
</tr>
</thead>
<tbody>
<tr>
<td>· Type of alliances</td>
<td>· Type of alliance</td>
</tr>
<tr>
<td>· Organizational Structure</td>
<td>· Organizational Structure</td>
</tr>
<tr>
<td>· Culture</td>
<td>· Culture</td>
</tr>
<tr>
<td>· Current resource endowments and historical commitments</td>
<td>· Strategy</td>
</tr>
<tr>
<td>· Number and impact of alliances</td>
<td>· Size</td>
</tr>
<tr>
<td>· Sector</td>
<td>· Sector</td>
</tr>
<tr>
<td>· Public or private firm</td>
<td>· Public or private firm</td>
</tr>
</tbody>
</table>

Table 16: Suggested factors and factors found in this research, affecting the design of alliance management

This means that two factors were not found to affect alliance management: Current resource endowments / historical commitments and number / impact of alliances. This means that respondents think that current or historical investments in alliances and alliance management and the current number and impact of alliances should not affect the design of alliance management. An explanation for this could lie in the fact that the design of alliance management should not depend on what the firm is doing now, but on what it wants to do. Respondents argued that the strategy should determine the design of alliance management. Typically, the strategy determines how a firm wants to grow and reach strategic goals. This is a future outlook where the design of alliance management should be matched with the future outlook and not the current situation.
The analysis presented how specifically each factor affects alliance management. These factors were applied to create the design of alliance management which fits for Alliander.

### 6.3. Managerial implications

The insights on the four gaps also have managerial implications. First, and probably most important, is that firms should not focus in achieving a certain level of alliance management. In fact it should diversify its alliance management. Corporate alliances need a different approach compared to business alliances. Alliance management should support and stimulate both types of alliances. A corporate alliance management department can create corporate alliances, but it can also form an alliance strategy combined with a framework in which employees can seek alliances themselves. Business alliances can be supported by engaging the businesses with the possibilities to reach strategic goals of that specific business with alliances. Alliance management can also play an important expert role, guiding the business alliances through the different steps of alliance management. Thus the design of alliance management should support and stimulate the formation of Bottom-Up and Top-Down generated alliances, as well as corporate, divisional and business alliances.

In creating a design for alliance management firms should take a look at the factors that affect the design. The factors are generally applicable to any firm. Thus when firms are (re)designing their alliance management, they should notice of these factors and gear them towards the own organization.

Public and private firms should also take the time to investigate the differences when a public-private alliance is created. For public firms the motive of a private firm makes sure the business case should be positive, aside societal gains. Also, private firms are less eager to share knowledge thus public firms must make sure they should take a more thorough look in topics such as IP.

### 6.4. Assumptions

The research design does include a few assumptions and limitations. It is assumed that:

- The used theoretical theories on alliances and alliance management are applicable in the context of Alliander
- The interviews with experts which hold all relevant data and these experts are willing to share their knowledge though an interview
- The main factors of how to design alliance management and the main reasons why are derived from the interviews with the external entities.

### 6.5. Limitations

This master thesis research project provided the answer on the research question how alliance management can be built within firms and which factors are important for the design of alliance management. To do so, an explorative research study was performed in different firms to investigate this issue. There are however limitations of this research, which are based on choices in literature, scope, context and the research methods itself.
First of all, this research is a design study. This means a design was specifically made in the context of Alliander. This design might not be applicable to other firms. The factors affecting the design of alliance management are generally applicable, thus other firms can gear these factors towards their specific context and needs.

Because this is a design study, a design was delivered, but an implementation plan is missing. Implementation is not part of a design study and is usually not part of a master thesis research project as well. It is evident that a plan must be made how to take steps into reaching the proposed design. These steps can be made at different moments in time. It follows that Alliander can grow into the design as time passes. The implementation of the design at Alliander is going to be picked up, where a Management Trainee will create an implementation plan. It follows that this report is going to be used by Alliander for further development of alliance management.

This master thesis research project is also an exploratory study. This means that the main objective of explorative studies is to discover idea's and insights. Direct relations, which can be proved by large samples followed by significant correlations, are not part of this study. Further descriptive and causal research is needed to verify the findings of this study in order to come to conclusions on relations between concepts. This will also be part of the recommendations for future research.

What follows from the setup of this research is that this research explained how and why firms design alliance management. This does not mean that firms are implementing alliance management with the maximum effect on results. Thus results of a specific design, or a specific part of a design, were not investigated. For instance the chapter Analysis showed that when firms formalize their organization to a large extent, alliance management tends to be more formalized. The question remains if firms with high formalization should formalize alliance management to a high extent or not. For these insights to be developed, more in depth research is needed.

Another limitation is the limited number of firms that were researched. The possibility that a specific design of alliance management has not been researched is present. Thus, there is a possibility that not all variations of alliance management are investigated. In addition, in all firms, except Alliander, one person was interviewed on the topic alliance management. This means that the design of alliance management at a firm was drawn from a single perspective. A multiple perspective could create a sharper image of the design of alliance management of that specific firm. This affected the validity of the research done at firms other than Alliander.

Because this master thesis research project has its limitations, recommendations on future research will now be made.

6.6. Recommendations for future research

The main recommendation for future research is to perform descriptive and or causal research in the field of development of alliance management. This study has shown insights on the possible building blocks, the possible factors affecting the design, and in general the development of alliance management. These insights can be used as a starting point for descriptive or causal research which will deepen our understanding of alliance management. An example is the public and private gap, where three main differences were discovered. It might be possible that other factors play a role as well, creating a better understanding and more complete model on this topic.
Another example is the factors that affect alliance management. This study provided a sketch on which concepts might relate to the design, but causal relationships were not proved. Specific research can be performed to find causal relationships and create deeper understanding on how a factor affects the design. In addition, is it unknown which factors affect the most. Thus this research did not give insight to which factors firms should especially pay attention to. Further research could give insight which factors are most important.

The setup of this research is that this research explained how and why firms design alliance management. This does not mean that firms are implementing alliance management with the maximum effect. Thus results of a specific design, or a specific part of a design, were not investigated. For these insights to be developed, more in depth research is needed.

Thus a very valuable recommendation is that research is needed to give insights in the effect of the mechanisms of alliances management. Little research has been done on the effectiveness of the implementation of different alliance management mechanisms. Investigating which mechanisms affect results the most should be a very valuable from at least a practical point of view.
References


Gulati, R. (2001). Competing with Strategic Alliances: Alliance Session 1, Course Presentation at Kellogg Graduate School of Management, Northwestern University.


Appendix I: Organizational structure

Legend:
- Blue: Landen
- Green: Service Units en stakingstaken die voor de gehele groep werken
- Red: London
- Orange: Endiex

*Uit en direkteuren
Appendix II: Smart Grid Road Map (In Dutch)
Appendix III: List of orientation interviews and other orientation activities.

Interviewees (ordered chronologically):

- Bram Reinders (alliance manager)
- Marcel van Hest (alliance manager)
- Joris Loefs (internal consultant)
- Martijn Jonker (Smart meter, strategy)
- Eric van Aken (internal consultant)
- Jacob Kremer (Smart Meter implementation)
- Arjan Hoven (Smart Meter control)
- Harry van Breen (Strategy & Innovation Committee products and Services)
- Rob van Bekkum (Smart Meter project management)
- Paul Juffermans (Internal consultant)
- Marcel Weggemans (Smart Meter purchasing)
- Sylvia 't Hoog (Purchasing)
- Martijn Bongaerts (asset management)
- Raymond Hallie (Smart Meter technology)
- Claudi Teygeler (Smart Meter technology)
- Frans Campfens (Smart grid management)
- Coen de Ronde (customer and market)
- Joost Dekkers (Public Relations)

Activities:

- Cluster meetings of Technology center
- Smart Grids Master class

Seminar: Europe Day Smart Meters
Appendix IV: Representation of Problem mess at Alliander (in Dutch)
Appendix V: List of in-depth interviews

**Group of directors:**
- Hans Fugers
- Harry van Breen
- Mark Kempkes
- Maurice Derksen
- Rob Beukeboom
- Peter Molengraaf
- Paul Corton

**Group of Alliance Managers:**
- Loek Muijtjens
- Maarten van Riet
- Marcel van Hest
- Marthe Bevort
- Peter van de Sluijs
- Michiel Olij
- Richard de Vries
- Viktor Nijenhuis
- Joost Gottmer
- Bram Reinders

**External firms (ordered chronologically):**
- Ministry of Economics, Agriculture and Innovation
- KEMA N.V.
- Stedin Netbeheer N.V.
- PwC IL (PricewaterhouseCoopers International Limited)
- Koninklijke Philips Electronics N.V.
- Sogeti Nederland B.V.
- Koninklijke KPN N.V.

**Case Cyber-TEC:**
- Annemarie Zielstra
- Bram Reinders
Appendix VI: Interview protocol Directors (in Dutch)

Introductie:

- Introductie over mijzelf
- Graag zou ik dit gesprek willen opnemen, zodat ik mij bezig kan houden met gerichtere vragen stellen en antwoorden kunnen zo niet verloren gaan. De opnames zal ik alleen voor eigen gebruik meenemen. De uitkomsten zijn trouwens anoniem.
- Waarom dit onderzoek? Organisaties gebruiken steeds meer allianties. Wetenschappelijke literatuur is hierop ingesprongen en geeft bijvoorbeeld een aantal opties hoe je alliantie management kan uitvoeren. Wetenschappelijk onderzoek toont aan dat alliantie management effect heeft:

![Graph showing average alliance ROI (Pre-Tax & Pre-Interest) and Alliance success rates (100 U.S. & Non U.S. Companies)]

- Doel van het onderzoek is tweeziijdig;
  - Wetenschappelijk: bepalen van factoren hoe alliantie management wordt ingericht.
  - Praktijk: leveren van een alliantie management design voor Alliander
- Doel van dit interview:
  - Formuleren van de alliantiestrategie

Uitleg begin concepten:

Wat is een alliantie:

- Voluntary, evolutionary and flexible organization forms (Osborn & Hagendoorn, 1997);
- Between two or more organizations (Duysters, 2001b);
- To realize both collective and individual goals (Varadarajan & Cunningham, 1995);
- Where products, service and technologies are exchanged (Gulati, 1998);
- While maintaining their own corporate identities (De Man, 2004)
Het alliantie spectrum:

<table>
<thead>
<tr>
<th>Non-Alliance / Alliance</th>
<th>Non-Alliance</th>
<th>Alliance</th>
<th>Alliance</th>
<th>Alliance</th>
<th>Non-alliance</th>
<th>Non-Alliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractual / Equity</td>
<td>Contractual</td>
<td>Contractual</td>
<td>Equity</td>
<td>Equity</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Contractual Cooperation / Equity cooperation / Integration</td>
<td>Contractual cooperation</td>
<td>Contractual Cooperation</td>
<td>Equity cooperation</td>
<td>Equity cooperation</td>
<td>Integration</td>
<td>Integration</td>
</tr>
<tr>
<td>Different Forms/Names</td>
<td>Long-term Supply Contract</td>
<td>joint development, production, marketing, Working Pool</td>
<td>Joint Venture</td>
<td>One sided minority interest</td>
<td>Majority interest with controlling agreement</td>
<td>Merger</td>
</tr>
<tr>
<td></td>
<td>Know-how agreement</td>
<td>Consortium</td>
<td>Mutual interest (cross-share holding)</td>
<td>One sided minority interest</td>
<td>One sided minority interest with controlling agreement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Licensing agreement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Scope van dit onderzoek: Allianties in innovatie (dus niet in andere gebieden o.a. logistiek, marketing).

*Wat is Alliantie Management?*

Alliantie management heeft volgens de literatuur 4 mechanismes: functies, technieken, processen en extern. De huidige alliantie management afdeling moet hier los van gezien worden, dus wanneer ik het over alliantie management heb, is dit dus NIET over de huidige afdeling. De lijst geeft weer wat er in een bedrijf aanwezig KAN zijn.
## Functies

<table>
<thead>
<tr>
<th>Functies</th>
<th>Persoon die op seniorniveau verantwoordelijk is voor alliances</th>
<th>Afdeling die zich bezighoudt met de ondersteuning van alliantiemangers in businessunits en divisies en daartoe enkele andere kennis opbouwt en technieken ontwikkelt</th>
<th>Persoon die verantwoordelijk is voor het dagelijks management van een of meer allianties</th>
<th>Persoon die op de hoogte is van de culturele, juridische en bestuursspecifieken van zijn land en daarmee alliances in zijn eigen land leidt voor een buitenlandse onderneming</th>
<th>Persoon beheert met het voorkomen van kennispillenover in een alliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>VP Alliances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alliantieafdeling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alliantiespecialist</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alliantiemanager</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lokale alliantiemanagers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gatekeeper</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Technieken

<table>
<thead>
<tr>
<th>Technieken</th>
<th>Training gegeven door een bedrijf aan managers om het bedrijfsbelang ten aanzien van alliances aan hen over te dragen</th>
<th>Alliantietraining die door derden wordt gegeven</th>
<th>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</th>
<th>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</th>
<th>Prestatie-indicatoren voor alliances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interne alliantietraining</td>
<td></td>
<td>Alliantietraining die door derden wordt gegeven</td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
</tr>
<tr>
<td>Externe alliantietraining</td>
<td></td>
<td>Alliantietraining die door derden wordt gegeven</td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
</tr>
<tr>
<td>Standaardpartnersselectieproces</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Gezamenlijke businessplanning</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Alliantie-metrics</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Alliantiedatabase</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Best practices</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Cultureel programma</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Partnerprogramma</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Individuele alliantie-evaluatie</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Cross-alliantie-evaluatie</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Gezamenlijke evaluatie</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Intranet</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Partner portal</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
<tr>
<td>Alliantiehandboek</td>
<td></td>
<td>Een gestructureerd berekenen voor de selectie van nieuwe alliantiepartners</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
<td>Prestatie-indicatoren voor alliances</td>
<td></td>
</tr>
</tbody>
</table>

## Processen

<table>
<thead>
<tr>
<th>Processen</th>
<th>Verantwoordelijkheid voor alliances kan primair liggen bij topteammanagement, business development, marketing, M&amp;A-afdeling, R&amp;D of de strategieafdeling</th>
<th>Beloningen en benussen voor alliantiemanagers hangen af van alliantiesucces</th>
<th>Beloningen en benussen voor businessmanagers hangen af van alliantiesucces</th>
<th>Bijeenkomen van alliantiemanagers gericht op het delen van kennis en ervaring met als doel best practices te ontwikkelen</th>
<th>Processen die duidelijk maken wie alliances goedkundig, het contract tekent en het businessplan accoedert</th>
<th>Meerderheid van de alliances wordt gevonden via een top-down- of een bottom-upproces</th>
<th>Alliantiebelang wordt aangepast aan lokale omstandigheden in plaats van voor elk land dezelfde standaard te hanteren</th>
<th>Ervaring die al in een land is opgedaan, wordt ingebracht wanneer in dat land ook een alliance wordt opgestart</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locatie van de verantwoordelijkheid voor alliances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incentives voor alliantiemanagers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incentives voor businessmanagers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alliantiemanagers wisselen ervaring uit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goedkeuringsprocedures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proces voor het vinden van partners</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landsspecifieke alliantiebeleid</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gebruik van eigen kennis over een land</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
De focus van de vragen zullen in het begin liggen op de algemene strategie van Alliander, waarna de focus verschuift naar de alliantie strategie.

**Vraag 1: Welke strategische analyses zijn er beschikbaar binnen Alliander (denk aan SWOT, PEST, Porter five forces)?**

*Strategische literatuur beschrijft 4 value disciplines waarop het bedrijf zich kan richten. Dit zijn operational excellence, product leadership, customer intimacy en supply comfort. Onderstaande tabel geeft de vier disciplines kort weer.*

<table>
<thead>
<tr>
<th>Value proposition</th>
<th>Operational Excellence</th>
<th>Product Leadership</th>
<th>Customer Intimacy</th>
<th>Supply Comfort</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value proposition</strong></td>
<td>• Best total cost</td>
<td>• Best product</td>
<td>• Best total solution</td>
<td>• Optimal configurations of services and products</td>
</tr>
<tr>
<td><strong>Golden Rule</strong></td>
<td>• Variety kills efficiency</td>
<td>• Cannibalize the succes with breakthroughs</td>
<td>• Solve the client's broader problem</td>
<td>• Offering at the right place at the right time</td>
</tr>
<tr>
<td><strong>Core Process</strong></td>
<td>• End-to-end product delivery</td>
<td>• Invention</td>
<td>• Client acquisitions &amp; development</td>
<td>• Flexible internal systems</td>
</tr>
<tr>
<td><strong>Main Characteristics</strong></td>
<td>• Product service with lowest total cost • Competitive prices • High reliable products / services</td>
<td>• Continuous Stream of state of the art products / services • Continuous innovation is key</td>
<td>• Customer's lifetime value is key</td>
<td>• Being Internally flexible to provide customer comfort and urgency</td>
</tr>
</tbody>
</table>

De vier disciplines kunnen ook als volgt in de volgende matrix geplot worden:

![Figure 2.6 Core competences in Hardjono's model (2000)](image1.png)  
![Figure 2.7 Value disciplines combined with competences](image2.png)
Vraag 2: Welke value discipline is voor Alliander het meest toepasbaar?

Om steeds beter te worden in een value discipline kan een bedrijf een groeistrategie hanteren. Literatuur definiert drie groei strategieën voor een bedrijf, namelijk interne groei, M&A (samenvoeging & acquistities) en strategische allianties. Hieronder vindt u een overzicht van de voor en nadelen van elke optie om het beeld te verscherpen:

<table>
<thead>
<tr>
<th></th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Growth</td>
<td>Strengthen internal capabilities</td>
<td>Expensive</td>
</tr>
<tr>
<td></td>
<td>Tailor growth to needs</td>
<td>Time consuming</td>
</tr>
<tr>
<td></td>
<td>Control assets and technology</td>
<td>Value capture delayed</td>
</tr>
<tr>
<td></td>
<td>Maintain core competences</td>
<td>Uncertain success</td>
</tr>
<tr>
<td>Merge or Acquire</td>
<td>Quick entry into similar business /</td>
<td>Large cash outlay</td>
</tr>
<tr>
<td></td>
<td>geography</td>
<td>Massive integration challenges</td>
</tr>
<tr>
<td></td>
<td>Proven capability</td>
<td>Uncertain regulatory approval</td>
</tr>
<tr>
<td></td>
<td>Product differentiation</td>
<td>High risk</td>
</tr>
<tr>
<td></td>
<td>Reduce supply / demand interruptions</td>
<td>Complex deal negotiations</td>
</tr>
<tr>
<td></td>
<td>Expand competencies</td>
<td>Disruptions from simultaneous acquisitions</td>
</tr>
<tr>
<td>Strategic Alliance</td>
<td>Quick entry into similar business /</td>
<td>Shared reward</td>
</tr>
<tr>
<td></td>
<td>geography</td>
<td>Governance challenges</td>
</tr>
<tr>
<td></td>
<td>Proven capability</td>
<td>Must define performance</td>
</tr>
<tr>
<td></td>
<td>Shared risk</td>
<td>Lack of attention</td>
</tr>
<tr>
<td></td>
<td>No acquisition premium</td>
<td>Portfolio management challenges</td>
</tr>
<tr>
<td></td>
<td>Multiple alliances possible</td>
<td>Control difficulties</td>
</tr>
<tr>
<td></td>
<td>Expand competencies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change positioning</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Value chain leverage</td>
<td></td>
</tr>
</tbody>
</table>

Vraag 3: Wanneer wordt er binnen Alliander gekozen voor interne groei, M&A of een alliantie en waarom?

Vraag 4: Als u 100% mag verdelen over deze drie opties in belangrijkheid voor Alliander in het algemeen, hoe zou de verdeling eruit zien?

Vraag 5: Als u 100% mag verdelen over deze drie opties in belangrijkheid voor INNOVATIE binnen Alliander, hoe zou de verdeling eruit zien?

De reden dat ik dit vraag is dat een van de vijf strategische thema's is samenwerking. Daarom ook de volgende vraag:

Vraag 6: Moet Alliander goed worden in het aangaan van allianties? Zo ja waarom? Zo nee, waarom niet?

De manier om dit te doen is via alliantie management. Wetenschappelijke onderzoek heeft namelijk ook aangetoond dat learning by doing een beperkt effect heeft. Zie grafiek hieronder:
Bedrijven hebben alliantie management op verschillende manieren ingevuld. De wetenschap heeft het alliantie management niveau van bedrijven geschetst in drie niveaus.

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of alliances</td>
<td>Small</td>
<td>Reasonable</td>
</tr>
<tr>
<td>Aggregation level</td>
<td>Individual</td>
<td>Group</td>
</tr>
<tr>
<td>Importance</td>
<td>Operational</td>
<td>High for certain divisions</td>
</tr>
<tr>
<td>Alignment with strategy</td>
<td>None</td>
<td>When it suits</td>
</tr>
<tr>
<td>Type alliances</td>
<td>Business</td>
<td>Business</td>
</tr>
<tr>
<td>Alliance formation</td>
<td>Bottom up</td>
<td>Bottom up</td>
</tr>
<tr>
<td>Complexity</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Formalization</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Centralization</td>
<td>Decentralized</td>
<td>Initiating centralization</td>
</tr>
<tr>
<td>Roles</td>
<td>Operational</td>
<td>Mind setter</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Network Manager</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Knowledge Manager</td>
</tr>
</tbody>
</table>

Vraag 7: Welk niveau van Alliantie management is wenselijk binnen Alliander? Waarom dit niveau?

Dit model gaat uit van een ‘Bottom Up’ ontwikkeling van allianties. Allianties beginnen operationeel. Het aantal allianties en het type groeit uit zodat allianties uiteindelijke strategische worden. Een ander model is het volgende waar allianties vanuit de business strategie wordt gevormd:
Vraag 8: Worden allianties bij Alliander momenteel Bottom-Up of Top Down gevormd? Is dit wenselijk?

Een oplossing voor deze op het oog tegenstrijdigheid ligt Misschien in het type allianties:

- **Corporate alliances**: alliances between several departments and an external partner. Corporate alliances are usually formed by top management and therefore Top Down.
- **Divisional alliances**: alliances on a strategic level, between one department and an external partner. These alliances can be formed either Top Down or Bottom Up.
- **Business alliances**: alliances on an operational or tactical level, between one department and an external partner which can revolve around specific topics. Business alliances are formed bottom up.

Vraag 9: Is een dergelijk verdeling van de 3 types allianties ook mogelijk binnen Alliander?

Vraag 10a: Zo ja, klopt de verdeling in elk type rondom de vorming van allianties, ofwel wordt er in business alliances alleen bottom-up gewerkt?

Vraag 10b: Zo nee, hoe zou u de allianties dan indeling met betrek tot de verdeling bottom-up & top-down?

De vragen zijn nu gesteld. Ik zal een samenvatting van uw antwoorden naar u toesturen. Dan kunt u checken of ik uw antwoorden juist heb geinterpreteerd. Ik zou u ook graag verzoeken om dit te doen omdat dit de kwaliteit van mijn onderzoek verhoogd.

Aan het eind van mijn afstuderen ben ik van plan een bedrijfspresentatie te geven, waarbij ik iedereen uitnodig die ik heb gesproken. U zult dus ter zijner tijd een uitnodiging hiervoor ontvangen.
Appendix VII: Interview protocol Alliance Managers (in Dutch)

Introductie:

- Introductie over mijzelf
- Graag zou ik dit gesprek willen opnemen, zodat ik mij bezig kan houden met gerichtere vragen stellen en antwoorden kunnen zo niet verloren gaan. De opnames zal ik alleen voor eigen gebruik meenemen. De uitkomsten worden trouwens zowieso anoniem.
- Waarom dit onderzoek? Organisaties gebruiken steeds meer allianties. Wetenschappelijke Literatuur is hierop ingesprongen en geeft bijvoorbeeld een aantal opties hoe je alliantie management kan uitvoeren. Wetenschappelijk onderzoek toont aan dat alliantie management effect heeft:

- Doel van het onderzoek is tweezijdig;
  - Wetenschappelijk: bepalen van factoren hoe alliantie management wordt ingericht.
  - Praktijk: leveren van een alliantie management design voor Alliander
- Doel van dit interview:
  - Bepalen hoe wordt alliantie management  wordt ingericht.
  - Bepalen welke factoren belangrijk zijn voor deze inrichting.

Uitleg begin concepten:

Wat is een alliantie:

- Voluntary, evolutionary and flexible organization forms (Osborn & Hagendoorn, 1997);
- Between two or more organizations (Duysters, 2001b);
- To realize both collective and individual goals (Varadarajan & Cunningham, 1995);
- Where products, service and technologies are exchanged (Gulati, 1998);
- While maintaining their own corporate identities (De Man, 2004)

Het alliantie spectrum:
Scope van dit onderzoek: Allianties in innovatie (dus niet in andere gebieden o.a. logistiek, marketing).

**Vraag 1: Hoeveel % van de huidige innovaties, worden via allianties verricht (hierbij kun je denken aan projecten die wel of niet via allianties worden verricht)?**

**Wat is Alliantie Management?**

Alliantie management heeft volgens de literatuur 4 mechanismes: functies, technieken, processen en extern. De lijst geeft weer wat er in een bedrijf aanwezig KAN zijn.

| A2? G? Functies | 
|-----------------|-----------------|
| VP Allianties   | Persoon die op senior niveau verantwoordelijk is voor allianties |
| Alliantie afdeling | Afdeling die zich bezighoudt met het ondersteunen van alliantiemanagers in busineunits en divisies en daartoe kennis opbouwt en technieken ontwikkelt |
| Alliantie specialist | Ervaren alliantie expert die alliantie managers adviseert |
| Alliantie manager | Persoon die verantwoordelijk is voor het dagelijks management van een of meer allianties |
| Lokale alliantie manager | Persoon die op de hoogte is van culturele, juridische en businessaspecten in zijn eigen land |
| Gatekeeper | Persoon belast met het voorkomen van kennispill-over in een alliantie |

| Technieken | 
|-----------------|-----------------|
| Interne alliantie Training | Training gegeven door een bedrijf aan managers om het bedrijfsbeleid ten aanzien van allianties aan hen over te dragen |
| Externe alliantie Training | Alliantietraining die door derden wordt gegeven |
| Standaard partner selectie proces | Een gestructureerde benadering voor de selectie voor de selectie van nieuwe alliantiepartners |
| Gezamelijke businessplanning | Ontwerp van een alliantie businessplan door de gezamelijke partners |
| Alliantie-metrics | Prestatie indicatoren voor allianties |
| Alliantie database | Een overzicht van alle allianties, opgeslagen in een gegevensbank |
### Best Practices
- Toepassing van de meest succesvolle managementtechnieken; ontwikkeling van technieken op basis van eigen ervaring
- Een specifiek programma gericht op het overbruggen, leren van en aanpassen aan culturele verschillen tussen bedrijven
- Een gestructureerd proces voor het aangaan met verschillende typen partners

### Cultuurprogramma
- Een specifiek programma gericht op het overbruggen, leren van en aanpassen aan culturele verschillen tussen bedrijven

### Partner programma
- Een gestructureerd proces voor het aangaan met verschillende typen partners

### Individuele alliantie evaluatie
- Allianties worden apart geëvalueerd
- Individuele alliantie-evaluaties worden met elkaar vergeleken om lessen te leren over allianties een

### Cross-alliantie evaluatie
- Allianties worden samen met de partner geëvalueerd
- Best Practices en technieken zijn voor alle medewerkers via het intranet beschikbaar

### Gezamenlijk evaluatie
- Allianties worden samen met de partner geëvalueerd
- Best Practices en technieken zijn voor alle medewerkers via het intranet beschikbaar

### Intranet
- Best Practices en technieken zijn voor alle medewerkers via het intranet beschikbaar

### Partner portal
- Partners hebben toegang tot kennis en informatie via een internetportal

### Alliantie Handboek
- Een gids die beschrijft hoe allianties moeten worden opgezet en hoe alliantiemanagers stap voor stap door het proces leidt

### Processen
- Managers moeten alliantie training en ervaring hebben om een volgende carrière stap te maken
- Een raamwerk beschrijft de competenties die alliantiemanagers moeten hebben op verschillende ervaringsniveau's
- Opleiding voor alliantie managers om hen te helpen om te gaan met en te profiteren van verschillen in landscultuur

### Vraag 2: Welke mechanisms zijn er nu aanwezig binnen Alliander?

### Vraag 3: Welke mechanisms zou u het nut ervan inzien om deze te gebruiken binnen Alliander en waarom?

Literatuur definieert ook een zestal rollen voor alliantie management.

### Vraag 4: Geef aan op deze rollen nu worden uitgevoerd binnen Alliander (Dit hoeft dus niet door de huidige alliantie afdeling uitgevoerd te worden). Zo niet, geef aan of deze rol wenselijk is binnen Alliander en waarom?

#### 3.2.2.2. Advisor

The department advises business managers in the different stages. Business managers remain responsible for managing their alliance as they also play a leading role in creating alliances including negotiating in alliances.
3.2.2.3. Knowledge Manager

The department collects insights and experiences of alliances and develops best practice documents. The department can look for these experiences inside and outside their own firm.

3.2.2.4. Trainer

The department arranges trainings for beginning alliance managers as for more experience alliance managers. For beginning alliance managers topics on these trainings are typical mistakes and how the alliance process helps to prevent these mistakes. For more experienced alliance managers training topics can be addressed towards a specific need.

3.2.2.5. Network manager

The department maps and manages the firm’s network. This network is necessary to receive signals which business units want ally and to let the employees know that there is an alliance department. Next to developing the internal network, the external network can be built as well. Here current and past alliances with corresponding partners as well as leading scientists and consultants and other relevant parties can be managed into a network database.

3.2.2.6. Mind setter

The alliance management department can provide a role in the transition process of creating successful alliances. It can display successful alliances on a firm level, making people more open towards creating alliances. In addition it can display success stories also externally, making for instance the industry more alliance ready.

3.2.2.1. Expert

The department is an expert on developing and implementing alliances. The expert role takes different steps such as the choice between alliance, internal development, outsourcing and M&A or partner selection, setting up the alliance structure and the alliance contract. Finally it provides guidance in evaluating alliances. Roughly it has the same role as a purchasing department in purchasing.

Vraag 5: Ziet u een andere rol of rollen voor alliantie management?

Vraag 6: Rank de rollen (inclusief de toegevoegde rollen in vraag 4) op belangrijkheid

Complexiteit


Complexity refers to the extent of differentiation within the organization.

- Horizontal differentiation refers to the degree of differentiation between units based on the orientation of members, the nature of the tasks they perform and their education and training. Firms score high when they have many specialized departments.
- Vertical differentiation refers to the depth in the structure. Vertical differentiation increases, and complexity, as the number of hierarchical levels in the organization increases.
- Finally spatial differentiation refers to the degree to which the location of an organization's offices, plants and personnel is dispersed geographically.

**Vraag 7a:** Hoeveel gespecialiseerde afdelingen zijn er ongeveer er binnen Alliander?

**Vraag 7b:** Uit hoeveel lagen bestaat de beslissingstructuur binnen Alliander? Hoeveel werknemers heeft een manager gemiddeld onder zich?

**Vraag 7c:** Hoeveel kantoren heeft Alliander en zijn deze verspreid over Nederland of liggen ze dicht bij elkaar?

Het invoeren van alliantie management afdeling kan gezien worden van een toevoeging in complexiteit. Het proberen in te voeren van alliantie management binnen de huidige bestaande afdeling kan gezien worden als een vermindering van de complexiteit.

**Vraag 8:** Gezien de tabel met de mechanismes van alliantie management inhoud en wat hiervan aanwezig is binnen Alliander, wordt dit vooral binnen één afdeling afgehandeld of is dit verspreid over meerdere afdelingen?

**Vraag 9:** Hoe zou alliantie management volgens u op dit onderdeel kunnen worden ingericht en waarom?

**Formaliteit**

Formalization refers to the degree to which an organization relies on rules and procedures to direct the behavior of employees (Robbins, 1990). Firms with a high degree of formalization provide jobs which are standardized.

**Vraag 10:** Probeert Alliander in het algemeen regels en procedures (wellicht afgezien van veiligheid) op te stellen voor haar werknemers of hebben werknemers meer een vrije rol?

Alliantie managers kunnen gezien worden als specialisten, theorie suggereert hierdoor dat lage formalisatie nodig is. Echter is er een alliantie management een toevoeging van formalisatie (denk aan mechanismes trainingen, tools) die zorgt dat het bedrijf succesvollere allianties aangaat.

**Vraag 11:** Zijn er nu regels en procedures aanwezig over het aangaan van allianties?

**Vraag 12:** Hoe zou alliantie management volgens u op dit onderdeel kunnen worden ingericht en waarom?

**Centralisatie**

Centralization refers to the focus of decision making authority lies. Decision making can be highly centralized where problems flow upward and senior executives choose the appropriate action. In other firms the decision making is decentralized where authority is dispersed downward in the hierarchy.

**Vraag 13:** Beschrijf de beslissingsstructuur binnen Alliander? Worden er relatief veel beslissingen genomen door werknemers / specialisten of juist door managers?
Wat betreft centralisatie in alliantie management spelen er 5 issues:

- Omdat alliantie managers specialisten kunnen zijn, zouden ze autoriteit over hun eigen werk moeten hebben.
- Echter zijn allianties vaak strategisch, dus hebben ze ook effect op de strategie van het bedrijf.
- Autoriteit geven aan alliantie managers betekent dus ook autoriteit op strategie (en dus niet alleen operationeel)
- Alliance managers moeten vaak collega’s overtuigen om te participeren, autoriteit kan dit proces versnellen en versnellen.
- Alliance managers kunnen hierdoor ongewilde allianties maken.

Vraag 14: Hebben alliantie managers op dit moment beslissingsrechten? Zo ja, op welke gebieden wel en welke niet?

Vraag 15: Hoe zou alliantie management volgens u op dit onderdeel kunnen worden ingericht en waarom?

Een vraag die aan de centralisatie vraag is gerelateerd is hoe allianties worden gevormd.

Vraag 16: Beschrijf het proces hoe allianties worden gevormd in uw werk?

Literatuur spreek zich tegen over hoe dit gebeurt, namelijk top-down of bottom up.

Bottom up: allianties starten op operationeel niveau door lokale experts die kansen zien, het aantal allianties en de impact ervan groeit in de tijd, waardoor allianties strategisch worden.

Top-Down: Vanuit de strategie van het bedrijf wordt er een alliantie strategie gevormd dat wordt door vertaald naar welke alliantie netwerken er gevormd moeten worden en welke partners hiervoor geschikt zijn.

Vraag 17: Worden allianties bij Alliander momenteel Bottom-up of Top Down gevormd? Is dit wenselijk?

Een oplossing voor deze op het oog tegenstrijdigheid ligt MISSCHIEN in het type allianties:

- Corporate alliances: alliances between several departments and an external partner. Corporate alliances are usually formed by top management and therefore Top Down.
- Divisional alliances: alliances on a strategic level, between one department and an external partner. These alliances can be formed either Top Down or Bottom Up.
- Business alliances: alliances on an operational or tactical level, between one department and an external partner which can revolve around specific topics. Business alliances are formed bottom up.

Vraag 18: Is een dergelijk verdeling van de 3 types allianties ook mogelijk binnen Alliander?

Vraag 19a: Zo ja, klopt de verdeling in elk type rondom de vorming van allianties, oftewel wordt er in business alliances alleen bottom-up gewerkt?

Vraag 19b: Zo nee, hoe zou u de allianties dan indeling met betreft tot de verdeling bottom-up & top-down?
Als laatst wou ik graag een verschil van invalshoek bespreken, namelijk het verschil tussen publiek en privaat. Private partijen kunnen om andere redenen allianties aangaan dan publieke partijen.

Vraag 20: Welke verschillen merkt u tussen private en publieke partijen in het aangaan van allianties (denk aan motieven, partner selectie of andere)?

De vragen zijn nu gesteld. Ik zal een samenvatting van uw antwoorden naar u toesturen. Dan kunt u checken of ik uw antwoorden juist heb geïnterpreteerd. Ik zou u ook graag verzoeken om dit te doen omdat dit de kwaliteit van mijn onderzoek verhoogd.

Aan het eind van mijn afstuderen ben ik van plan een bedrijfspresentatie te geven, waarbij ik iedereen uitnodig die ik heb gesproken. U zult dus ter zijner tijd een uitnodiging hiervoor ontvangen.
Appendix VIII: Interview External firms (in Dutch)

Introductie:

- Introductie over mijzelf
- Graag zou ik dit gesprek willen opnemen, zodat ik mij bezig kan houden met gerichtere vragen stellen en antwoorden kunnen zo niet verloren gaan. De opnames zal ik alleen voor eigen gebruik meenemen. De uitskomsten worden trouwens zowieso anoniem.
- Waarom dit onderzoek? Organisaties gebruiken steeds meer allianties. Wetenschappelijke Literatuur is hierop ingesprongen en geeft bijvoorbeeld een aantal opties hoe je alliantie management kan uitvoeren. Wetenschappelijk onderzoek toont aan dat alliantie management effect heeft:

- Doel van het onderzoek is tweezijdig;
  o Wetenschappelijk: bepalen van factoren hoe alliantie management wordt ingericht.
  o Praktijk: leveren van een alliantie management design voor Alliander
- Doel van dit interview:
  o Bepalen hoe wordt alliantie management wordt ingericht.
  o Bepalen welke factoren belangrijk zijn voor deze inrichting.

Uitleg begin concepten:

Wat is een alliantie:

- Voluntary, evolutionary and flexible organization forms (Osborn & Hagendoorn, 1997);
- Between two or more organizations (Duysters, 2001b);
- To realize both collective and individual goals (Varadarajan & Cunningham, 1995);
- Where products, service and technologies are exchanged (Gulati, 1998);
- While maintaining their own corporate identities (De Man, 2004)

Het alliantie spectrum:
Scope van dit onderzoek: Allianties in innovatie (dus niet in andere gebieden o.a. logistiek, marketing).

**Wat is Alliantie Management?**

Alliantie management heeft volgens de literatuur 4 mechanismes: functies, technieken, processen en extern. De lijst geeft weer wat er in een bedrijf aanwezig KAN zijn.
### Functies

<table>
<thead>
<tr>
<th>Functies</th>
<th>Personen die op seniorniveau verantwoordelijk zijn voor alliances</th>
<th>Afdeling die zich bezighoudt met het ondersteunen van alliantiemagers in businessunits en divisies en daartoe onder andere kennis opbouwt en technieken ontwikkelt</th>
<th>Personen die verantwoordelijk is voor het dagelijks management van een of meer alliances</th>
<th>Personen die op de hoogte zijn van de culturele, juridische en businessaspecten van een land en daarna alliances zijn eigen land leidt voor een buitenlandse onderneming</th>
<th>Personen behoren van het voorkomen van kennisglijder in een alliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>VP Alliances</td>
<td>Allianceafdeling</td>
<td>Alliantiespecialist</td>
<td>Alliantiemanager</td>
<td>Lokale alliantiemagers</td>
<td>Gatekeeper</td>
</tr>
</tbody>
</table>

### Technieken

<table>
<thead>
<tr>
<th>Technieken</th>
<th>Training gegeven door een bedrijf aan managers om het bedrijfsebeleid ten aanzien van alliances aan hen over te dragen</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intern alliantietrainings</td>
<td>Alliantietrainings die door derden wordt gegeven</td>
</tr>
<tr>
<td>Externe alliantietrainings</td>
<td>Een gestructureerde benadering voor de selectie van nieuwe alliantepartners</td>
</tr>
<tr>
<td>Standaardpartnerselectiorproces</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners</td>
</tr>
<tr>
<td>Gezamenlijke businessplanning</td>
<td>Prestatie-indicatoren voor alliances</td>
</tr>
<tr>
<td>Alliantie-metrics</td>
<td>Een overzicht van alle alliances, opgeslagen in een gegevensbank</td>
</tr>
<tr>
<td>Alliantiedatabase</td>
<td>Toepassing van de meest succesvolle managementtechnieken c.q. ontwikkeling van technieken op basis van eigen ervaring</td>
</tr>
<tr>
<td>Best practices</td>
<td>Een specifiek programma gericht op het overbruggen, leren van en aanpassen aan culturele verschillen tussen bedrijven</td>
</tr>
<tr>
<td>Culturenprogramma</td>
<td>Een gestructureerd proces voor het omgaan met verschillende typen partners</td>
</tr>
<tr>
<td>Partnersprogramma</td>
<td>Individuele alliantie-evaluatie</td>
</tr>
<tr>
<td>Individuele alliantie-evaluatie</td>
<td>Cross-alliantie-evaluatie</td>
</tr>
<tr>
<td>Alliantie-evaluatie</td>
<td>Individuele alliantie-evaluaties worden met elkaar vergeleken om lessen te trekken over alliances heen</td>
</tr>
<tr>
<td>Gezamenlijke evaluatie</td>
<td>Alliances worden samen met de partner geëvalueerd</td>
</tr>
<tr>
<td>Intranet</td>
<td>Best practices en technieken zijn voor alle medewerkers via internet beschikbaar</td>
</tr>
<tr>
<td>Partner portal</td>
<td>Partners hebben toegang tot kennis en informatie via een internetportal</td>
</tr>
<tr>
<td>Alliantiehandboek</td>
<td>Een gids die beschrijft hoe alliances moeten worden opgezet en die alliantiemagers stap voor stap door het proces leidt</td>
</tr>
<tr>
<td>Alliantiemangement is deel van het management-developmetalproogramma</td>
<td>Managers moeten alliantietrainings en -ervaringen hebben om een volgende carrière stap in hun bedrijf te kunnen maken</td>
</tr>
<tr>
<td>Competitiecoöperatie voor alliantiemangers</td>
<td>Een raamwerk beschrijft de competenties die alliantiemagers moeten hebben op verschillende ervaringsniveaus</td>
</tr>
<tr>
<td>Training in intercultureel management</td>
<td>Opleiding voor alliantiemagers om hen te helpen om te gaan met en te profiteren van verschillen in landen cultuur</td>
</tr>
</tbody>
</table>

### Processen

<table>
<thead>
<tr>
<th>Locatie van de verantwoordelijkheid voor alliances</th>
<th>Verantwoordelijkheid voor alliances kan primair liggen bij topmanagement, business development, marketing, M&amp;A-afdeling, R&amp;D of de strategieafdeling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentives voor alliantiemagers</td>
<td>Beloningen en ben benissen voor alliantiemagers hangen af van alliancesucces</td>
</tr>
<tr>
<td>Incentives voor businessmanagers</td>
<td>Beloningen en benenissen voor businessmanagers hangen af van alliantiessucces</td>
</tr>
<tr>
<td>Alliantiemagers wisselen ervaring uit</td>
<td>Bijeenkomsten van alliantiemagers gericht op het delen van kennis en ervaring met als doel best practices te ontwikkelen</td>
</tr>
<tr>
<td>Goedkopersprocedures</td>
<td>Processen die duidelijk maken wie alliances goedkort, het contract tekent en het businessplan accordeert</td>
</tr>
<tr>
<td>Proces voor het vinden van partners</td>
<td>Meerderheid van de alliances wordt gevonden via een top-down- of een bottom-upproces</td>
</tr>
<tr>
<td>Landspecifieke alliantiebeleid</td>
<td>Alliantiebeleid wordt aangepast aan lokale omstandigheden in plaats van voor elk land dezelfde standard aan te hangen</td>
</tr>
<tr>
<td>Gebruik van eigen kennis over een land</td>
<td>Ervaring die af in een land is opgedaan, wordt ingebracht wanneer in dat land ook een alliance wordt opgestart</td>
</tr>
</tbody>
</table>

### Extern
Literatuur definieert ook een zestal rollen voor alliantie management.

**Vraag 1: Geef aan of deze rollen nu worden uitgevoerd binnen uw organisatie.**

### 3.2.2.2. Advisor

The department advises business managers in the different stages. Business managers remain responsible for managing their alliance as they also play a leading role in creating alliances including negotiating in alliances.

### 3.2.2.3. Knowledge Manager

The department collects insights and experiences of alliances and develops best practice documents. The department can look for these experiences inside and outside their own firm.

### 3.2.2.4. Trainer

The department arranges trainings for beginning alliance managers as for more experience alliance managers. For beginning alliance managers topics on these trainings are typical mistakes and how the alliance process helps to prevent these mistakes. For more experienced alliance managers training topics can be addressed towards a specific need.

### 3.2.2.5. Network manager

The department maps and manages the firm's network. This network is necessary to receive signals which business units want ally and to let the employees know that there is an alliance department. Next to developing the internal network, the external network can be built as well. Here current and past alliances with corresponding partners as well as leading scientists and consultants and other relevant parties can be managed into a network database.

### 3.2.2.6. Mind setter

The alliance management department can provide a role in the transition process of creating successful alliances. It can display successful alliances on a firm level, making people more open towards creating alliances. In addition it can display success stories also externally, making for instance the industry more alliance ready.

### 3.2.2.1. Expert

The department is an expert on developing and implementing alliances. The expert role takes different steps such as the choice between alliance, internal development, outsourcing and M&A or partner selection, setting up the alliance structure and the alliance contract. Finally it provides guidance in evaluating alliances. Roughly it has the same role as a purchasing department in purchasing.

**Organisatie inrichting**

**Complexiteit**

Het invoeren van een aparte alliantie management afdeling kan gezien worden van een toevoeging in complexiteit. Het proberen in te voeren van alliantie management binnen de huidige bestaande afdeling kan gezien worden als een vermindering van de complexiteit.
Vraag 2: Wordt alliantie management, zoals beschreven door de mechanismes, vooral binnen één afdeling afgehandeld of is dit verspreid over meerdere afdelingen en waarom?

Formaliteit

Alliantie managers kunnen gezien worden als specialisten, theorie suggereert hierdoor dat lage formalisatie (weinig regels en procedures) nodig is. Echter is alliantie management een toevoeging van formalisatie (denk aan mechanismes trainingen, tools) die er wel voor zorgt dat het bedrijf succesvollere allianties aangaat.

Vraag 3: Zijn er nu regels en procedures aanwezig over het aangaan van allianties binnen uw organisatie en waarom?

Centralisatie

Wat betreft centralisatie (de plaats waar de beslissingrechten liggen, centraal of decentraal) in alliantie management spelen er 5 issues:

- Omdat alliantie managers specialisten kunnen zijn, zouden ze autoriteit over hun eigen werk moeten hebben.
- Echter zijn allianties vaak strategisch, dus hebben ze ook effect op de strategie van het bedrijf.
- Autoriteit geven aan alliantie managers betekent dus ook autoriteit op strategie (en dus niet alleen operationeel)
- Alliance managers moeten vaak collega’s overtuigen om te participeren, autoriteit kan dit proces versoepelen en versnellen.
- Alliance managers kunnen hierdoor ongewilde allianties maken.

Vraag 4: Hebben alliantie managers op dit moment beslissingsrechten? Waarom hebben ze dit wel/niet?

Een vraag die aan de centralisatie vraag is gerelateerd is hoe allianties worden gevormd.

Literatuur spreek zich tegen over hoe dit gebeurt, namelijk top-down of bottom up.

Bottom up: allianties starten op operationeel niveau door lokale experts die kansen zien, het aantal allianties en de impact ervan groeit in de tijd, waardoor allianties strategisch worden.

Top-Down: Vanuit de strategie van het bedrijf wordt er een alliantie strategie gevormd dat wordt door vertaald naar welke alliantie netwerken er gevormd moeten worden en welke partners hiervoor geschikt zijn.

Vraag 5: Worden allianties in uw organisatie momenteel Bottom-up of Top Down gevormd? Is dit wenselijk?

Een oplossing voor deze op het oog tegenstrijdigheid ligt MISSCHIEN in het type allianties:

- Corporate alliances: alliances between several departments and an external partner. Corporate alliances are usually formed by top management and therefore Top Down.
- Divisional alliances: alliances on a strategic level, between one department and an external partner. These alliances can be formed either Top Down or Bottom Up.
• *Business alliances*: alliances on an operational or tactical level, between one department and an external partner which can revolve around specific topics. Business alliances are formed bottom up.

**Vraag 6**: Is een dergelijke verdeling van de 3 types allianties ook mogelijk binnen uw organisatie?

**Vraag 7a**: Zo ja, klopt de verdeling in elk type rondom de vorming van allianties, oftewel wordt er in business alliances alleen bottom-up gewerkt?

**Vraag 7b**: Zo nee, hoe zou u de allianties dan indeling met betrekking tot de verdeling bottom-up & top-down?

Bedrijven hebben alliantie management op verschillende manieren ingevuld. Het alliantie management niveau verschilt naar mate van de aanwezigheid van ‘Drive to Alliance’. Dit kan geschetst worden door de volgende tabel.

<table>
<thead>
<tr>
<th>Drive to Alliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
</tr>
<tr>
<td>Number of alliances</td>
</tr>
<tr>
<td>Aggregation level</td>
</tr>
<tr>
<td>Importance</td>
</tr>
<tr>
<td>Alignment with strategy</td>
</tr>
<tr>
<td>Type alliances</td>
</tr>
<tr>
<td>Alliance formation</td>
</tr>
<tr>
<td>Complexity</td>
</tr>
<tr>
<td>Formalization</td>
</tr>
<tr>
<td>Centralization</td>
</tr>
<tr>
<td>Roles</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

**Vraag 8a**: Bent u het eens met deze tabel en zo nee, waar mee niet?

**Vraag 8b**: Mist u zelf nog concepten (het linker rijtje) die mee veranderen naarmate alliantie management naar een hoger niveau wordt getild?

In de volgende tabel ziet u de bouwblokken van alliantiemanagement aan de rechterkant.
Vraag 9: Welke factoren bepalen volgens u hoe alliantie management is ingericht en hoe heeft deze factor precies effect op alliantie management?

Het volgende stuk tussen deze twee strepen wordt niet van te voren opgestuurd, maar tijdens het interview getoond.

De volgende tabel toont een aantal suggesties die Drive to Alliance bepalen.

Vraag 10: Kunt u aangeven of de genoemde factoren invloed hebben op hoe alliantie management is ingericht binnen uw bedrijf en zo ja hoe?

De vragen zijn nu gesteld. Ik zal een samenvatting van uw antwoorden naar u toesturen. Dan kunt u checken of ik uw antwoorden juist heb geinterpreteerd. Ik zou u ook graag verzoeken om dit te doen omdat dit de kwaliteit van mijn onderzoek verhoogd.

Aan het eind van mijn afstuderen ben ik van plan een bedrijfspresentatie te geven, waarbij ik iedereen uitnodig die ik heb gesproken. U zult dus ter zijner tijd een uitnodiging hiervoor ontvangen.
## Appendix IX: Motives why firms, or managers, engage alliances (Hagedoorn, 1993)

<table>
<thead>
<tr>
<th>Motives relative to basic and applied research and some general characteristics of technological development</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increased complexity and inter-sectoral nature of new technologies, cross-fertilization of scientific disciplines and fields of technology, monitoring of evolution of technologies, technological synergies, access to scientific knowledge or to complementary technology</td>
</tr>
<tr>
<td>• Reduction, minimizing and sharing of uncertainty in R&amp;D</td>
</tr>
<tr>
<td>• Reduction and sharing of costs of R&amp;D</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Motives related to concrete innovation processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Capturing of partner’s tacit knowledge of technology, technology transfer, technological leapfrogging</td>
</tr>
<tr>
<td>• Shortening of product life cycle, reducing the period between invention and market introduction</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Motives related to market access and search for opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Monitoring of environmental changes and opportunities</td>
</tr>
<tr>
<td>• Internationalization, globalisation and entry to foreign markets</td>
</tr>
<tr>
<td>• New products and markets, market entry, expansion of product range</td>
</tr>
<tr>
<td>Appendix X: Current Research on alliance capability (Heimeriks, 2008)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Empirical Evidence</th>
<th>Theoretical Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improved performance</td>
<td>Performance improvements documented in various studies.</td>
<td>Theoretical models of alliance performance suggest improved outcomes.</td>
</tr>
<tr>
<td>Increased innovation</td>
<td>Increased innovation rates observed in alliance contexts.</td>
<td>Theoretical frameworks predict higher innovation through alliances.</td>
</tr>
<tr>
<td>Enhanced market access</td>
<td>Case studies demonstrate increased market presence.</td>
<td>Theoretical predictions of market expansion through alliances.</td>
</tr>
<tr>
<td>Improved resource complementarity</td>
<td>Evidence of improved resource synergies in alliances.</td>
<td>Theoretical concepts of resource complementarity.</td>
</tr>
<tr>
<td>Enhanced learning and knowledge transfer</td>
<td>Observations of enhanced knowledge sharing within alliances.</td>
<td>Theoretical models of knowledge transfer through alliances.</td>
</tr>
<tr>
<td>Increased risk sharing</td>
<td>Evidence of diversified risk pools in alliances.</td>
<td>Theoretical foundations of risk sharing through collective investments.</td>
</tr>
<tr>
<td>Enhanced decision-making efficiency</td>
<td>Improved decision-making processes in alliance settings.</td>
<td>Theoretical analyses of improved decision processes.</td>
</tr>
</tbody>
</table>

*Note: The table above is a simplified representation of the research findings as described by Heimeriks (2008).*
### Appendix XI: Description of mechanisms of an alliance department (In Dutch)

<table>
<thead>
<tr>
<th>Functies</th>
<th>Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>VP Allianter</td>
<td>Persoon die op senior niveau verantwoordelijk is voor allianter</td>
</tr>
<tr>
<td>Alliantieafdeling</td>
<td>Afdeling die zich bezighoudt met het ondersteunen van alliantiemanager in businessunits en divisies en daartoe onder andere kennis opbouwt en technieken ontwikkelt.</td>
</tr>
<tr>
<td>Alliantiespecialist</td>
<td>Erveren alliantie-expert die alliantiemanager adviseren</td>
</tr>
<tr>
<td>Alliantiemanager</td>
<td>Persoon die verantwoordelijk is voor het dagelijks management van een of meer allianter.</td>
</tr>
<tr>
<td>Lokale alliantiemanager</td>
<td>Persoon die op de hoogte is van de culturele, juridische en businessaspecten van zijn land en daarmee allianter in zijn eigen land leidt voor een buitenlandse onderneming.</td>
</tr>
<tr>
<td>Gatekoper</td>
<td>Persoon beheert met het voorkomen van kennisstotzetting in een alliantie.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technieken</th>
<th>Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interne alliantietraining</td>
<td>Training gegeven door een bedrijf aan managers om het bedrijfsbeleid ten aanzien van allianter aan hen over te dragen.</td>
</tr>
<tr>
<td>Externe alliantietraining</td>
<td>Alliantietraining die door derden wordt gegeven.</td>
</tr>
<tr>
<td>Standaardpartnerselectieproces</td>
<td>Een gestructurede benadering voor de selectie van nieuwe alliantiepartners.</td>
</tr>
<tr>
<td>Gezamenlijke bussinesplanning</td>
<td>Ontwerp van een alliantiebusinessplan door de gezamenlijke partners.</td>
</tr>
<tr>
<td>Alliantie-metrics</td>
<td>Prestatien-indices voor allianter.</td>
</tr>
<tr>
<td>Alliantiedatabase</td>
<td>Een overzicht van alle allianter, opgeslagen in een gegevensbank.</td>
</tr>
<tr>
<td>Best practices</td>
<td>Toepassing van de meest succesvolle management technieken c.q. ontwikkeling van technieken op basis van eigen ervaring.</td>
</tr>
<tr>
<td>Cultuurprogramma</td>
<td>Een specifiek programma gericht op het onderbrengen, delen en aanpassen aan culturele verschillen tussen bedrijven.</td>
</tr>
<tr>
<td>Partnerprogramma</td>
<td>Een gestructurede proces voor het omgaan met verschillende typen partners.</td>
</tr>
<tr>
<td>Individuele alliantie-evaluatie</td>
<td>Individuele alliantie-evaluaties worden met elkaar vergeleken om lessen te trekken over allianter hoe goed alliantie wordt gemanageerd.</td>
</tr>
<tr>
<td>Gezamenlijke evaluatie</td>
<td>Best practices en technieken zijn voor alle medewerkers via een internetnieuwsbrief.</td>
</tr>
<tr>
<td>Internet</td>
<td>Partners hebben toegang tot kennis en informatie via een internetportaal.</td>
</tr>
<tr>
<td>Partner portal</td>
<td>Een gids die beschrijft hoe allianter moeten worden opgezet en de alliantiemanager stap voor stap door het proces leidt.</td>
</tr>
<tr>
<td>Alliantiemanageribel</td>
<td>Managers moeten alliantietraining en ervaring hebben om een volgende carrière stap in hun bedrijf te kunnen maken.</td>
</tr>
<tr>
<td>Competentieontwikkelingsproces voor alliantiemanager</td>
<td>Een teamwerk beschrijft de competenties die alliantiemanager hebben op verschillende ervaring niveaus.</td>
</tr>
<tr>
<td>Training in intercultuur management</td>
<td>Opleiding voor alliantiemanager om hen te helpen om te gaan met en te profiteren van verschillen in landstaal.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Processen</th>
<th>Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locatie van de verantwoordelijkheid voor allianter</td>
<td>Verantwoordelijkheid voor allianter kan primaal liggen bij topmanagement, business development, marketing, M&amp;A-afdeling, R&amp;D en/of strategieafdeling.</td>
</tr>
<tr>
<td>Incentives voor alliantiemanager</td>
<td>Beloningen en bonussen voor alliantiemanager hangen af van alliantiesucces.</td>
</tr>
<tr>
<td>Incentives voor businessmanager</td>
<td>Beloningen en bonussen voor businessmanager hangen af van alliantiesucces.</td>
</tr>
<tr>
<td>Alliantiemanagerische vanzakken ervaring</td>
<td>Bijeenkomsten van alliantiemanager gericht op het delen van kennis en ervaring met als doel best practices te ontwikkelen.</td>
</tr>
<tr>
<td>Goodpractice procedures</td>
<td>Processen die duidelijk maken wie allianties goedkeur, het contract tekent en het businessplan accordeert.</td>
</tr>
<tr>
<td>Proces voor het vinden van partners</td>
<td>Meerderheid van de allianter wordt gevonden via een top-down of een bottom-upproces.</td>
</tr>
<tr>
<td>Land-specifiek alliantiebeleid</td>
<td>Alliantiebeleid wordt aangepast aan lokale omstandigheden in plaats van voor elk land dezelfde standaard te hanteren.</td>
</tr>
<tr>
<td>Gebruik van eigen kennis over een land</td>
<td>Ervaring die al in een land is opgedaan, wordt ingebracht wanneer in dat land ook een alliantie wordt opgestart.</td>
</tr>
</tbody>
</table>
Appendix XII: Development path of alliance management at Philips
Bell and Lemmens, 2007

Appendix XIII: Examples of alliances within Philips
Borker et al, 2004

<table>
<thead>
<tr>
<th>Alliance partner</th>
<th>Alliance description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASML</td>
<td>Minority stake in ASM Lithography, a producer of wafer steppers. Philips will graduate sell off its stake</td>
</tr>
<tr>
<td>Dell</td>
<td>Alliance covering different areas, among others the supply by Philips to Dell of components, collaboration in the area of technology planning, marketing and development of standards for optical data storage</td>
</tr>
<tr>
<td>Douwe Egberts</td>
<td>Development and marketing of a new coffeemaking machine, the SenseoCrema</td>
</tr>
<tr>
<td>Ikea</td>
<td>Philips will display its consumer products in IKEA stores worldwide and will become preferred supplier to IKEA</td>
</tr>
<tr>
<td>LG Electronics</td>
<td>Integration of activities in the area of LCD screens in a new joint venture, LG Philips LCD. The partners have an equal share in the new company</td>
</tr>
<tr>
<td>Nike</td>
<td>Combine their expertise to develop and market wearable electronics</td>
</tr>
<tr>
<td>Rabobank / De Lage Landen</td>
<td>Philips Medical Systems and DeLage Landen, a subsidiary of Rabobank, have set up a joint venture to provide financing for the purchase of the full range of diagnostic imaging equipment. DeLage Landen will have a majority stake of 60%</td>
</tr>
<tr>
<td>STMicroelectronics and TSMC</td>
<td>Develop processes for 65 nm technology</td>
</tr>
</tbody>
</table>
Appendix XIV: SWOT analysis (In Dutch)

**Alliander's strong points:**
- Scale size and positive image.
- Much knowledge and expertise.
- Good relations with the branch and politics.
- Customer involvement and attention for employees.
- Standardization and uniformity.

**Alliander's challenges:**
- Ageing under employees.
- Flexibility and responsiveness.
- Steering on result and ownership.
- Attention best spent on success.

**Opportunities in the market:**
- Customers have themselves come short of technical employees.
- Technological developments pose many knowledge and expertise.
- Cooperation is needed to meet changing demand.

**Threats in the market:**
- Price level component too high.
- Steadily increasing pressure on supervision.
- Technically skilled personnel.
- Direction energy transition unclear.
- Stronger steering of market on CO₂.

Appendix XV: SOAR (Strengths, Opportunities, Aspirations, Results) analysis (In Dutch)

<table>
<thead>
<tr>
<th>Onderzoek</th>
<th>Sterktes</th>
<th>Mogelijkheden</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>We zijn onafhankelijk</td>
<td>Veranderende markt (energetische) klant</td>
</tr>
<tr>
<td></td>
<td>Technische expertise/competenties</td>
<td>Ruilverkaveling</td>
</tr>
<tr>
<td></td>
<td>Oplossingsgericht</td>
<td>Ruimte vanuit de markt om additioneel te investeren</td>
</tr>
<tr>
<td></td>
<td>Medewerkerbetrokkenheid is zeer hoog</td>
<td>Het persoonlijk contact met de klant kunnen we verbeteren</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Voornemens</th>
<th>Verlangen</th>
<th>Resultaten</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>De energieke verbinding met de samenleving</td>
<td>De klant belooft ons als deskundig, energiek en efficiënt</td>
</tr>
<tr>
<td></td>
<td>Marktleider zijn op het gebied van energie infrastructuren &quot;voor en achter&quot; de meter (WKE/G)</td>
<td>Hoge medewerkerbetrokkenheid (8.0+), medewerkers promoten Alliander als werkgever</td>
</tr>
<tr>
<td></td>
<td>Klanten zijn ambassadeurs van Alliander</td>
<td>Best in class nebeheerder</td>
</tr>
<tr>
<td></td>
<td>We zijn transparant over ons eigen functioneren</td>
<td>Complete proposities in WKE/G, de energiemakelaar</td>
</tr>
</tbody>
</table>
Appendix XVI: Overall view of trends affecting Alliander (In Dutch)
Appendix XVII: Strategic Themes of Alliander (In Dutch)

1. Gaaf, een klant!

Klanten ervaren Alliander als de beste in de utility sector (bijvoorbeeld: KPN, UPC, Ziggo). Het bedrijf biedt dan ook een zeer betrouwbare levering, een excellente en proactieve communicatie, zeer goede service tegen een redelijke prijs.

2. Operationeel Keten Excellentie

Om nog hogere kwaliteit tegen lagere kosten te bieden, gaat Alliander verder concentreren, standaardiseren, optimaliseren en excelleren. Zo worden componenten in de aanleg en vervanging van netten verder gestandaardiseerd. En zet het bedrijf de volgende stappen in de professionalisering van de vijf klantketens.

3. Samenwerking

Alliander is proactief en de gesprekspartner voor marktpartijen en de toezichthouders. Het bedrijf werkt met klanten en aandeelhouders in regioplannen en pilots, met leveranciers door hen volop te betrekken bij verbeterinitiatieven. En met andere netbeheerders en TenneT in gezamenlijke projecten, dienstverlening en inkoop.

4. Yes, we transform

Het is nog niet bekend wat de energietransitie gaat brengen. Wel zorgt Alliander dat het bedrijf nu al ervaring opdoet met nieuwe technieken en effecten van het gebruik hiervan. Samen met collega’s, aandeelhouders en klanten. En Alliander besteedt aandacht aan duurzaamheid. Zo is het bedrijf tijdig voorbereid en vertaagt het de milieubelasting.

5. Modern werkgeverschap

Mensen maken het bedrijf; Alliander staat midden in de samenleving en de medewerkers zijn daarvan een afspiegeling. Het bedrijf biedt kansen en diversiteit en introduceert het nieuwe werken. Daarnaast waarborgt het continuïteit en professionaliteit door investeringen in instroom, doorstrom en professionalisering van medewerkers.

Appendix XVIII: Differences between a unprepared and prepared culture for alliances

<table>
<thead>
<tr>
<th>Unprepared</th>
<th>Prepared</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protective</td>
<td>Creative</td>
</tr>
<tr>
<td>Imitative</td>
<td>Innovative</td>
</tr>
<tr>
<td>Focused on core business</td>
<td>Focused on core competences</td>
</tr>
<tr>
<td>Product Orientated</td>
<td>Functionally orientated</td>
</tr>
<tr>
<td>Focused on linear goals</td>
<td>Focused on nonlinear goals</td>
</tr>
<tr>
<td>Customer-led</td>
<td>Beyond customers</td>
</tr>
<tr>
<td>Focused on maximizing hit rate</td>
<td>Faster Learning</td>
</tr>
<tr>
<td>Define failure as money-lost</td>
<td>Define failure as money forgone</td>
</tr>
</tbody>
</table>