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Partnership with a big-shot: hope for the best, prepare for the worst.

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Partnerships within the survival-of-the-strongest business world don't always end with 'happily ever after'. Written by **Brian H. Lee**

Microsoft Corp. was spending millions to find a new method to help people conserve energy and count the energy usage for its Hohm line products. The company looked for utilities and devices that could help households track their energy use – the purpose being, if you can see how much energy you are consuming as you go, you will save energy by reducing the usage, thus saving you from a large energy bill at the end of the month.

When Blue Line Innovations Inc. heard about what Microsoft was trying to do, the next thing to do was obvious: pick up the phone and call them. The reason being, Blue Line Innovations just happened to be the owner of technology that fits perfectly into Hohm line project. Blue Line Innovations had worked on PowerCost Monitor for years, a device with a display screen that measures power usage in real time. So they had every reason to call Microsoft, and they did. Let there be partnership.

Both companies had what the other lacked: Blue Line Innovation wanted to make its interface more user-friendly and mostly, to be recognized and help consumers save money. Microsoft had wanted to find a device that does just what PowerCost Monitor does. With Blue Line's technology and Microsoft's vast amount of resources, Hohm line was completed.

The partnership between these two companies is very common among small firms. In many cases, the small businesses have the technology or intellectual property that the large firms need, yet the small ones lack resources and network that the large companies possess. By partnering up with a big-shot, small firm gains access to the market and commercializes its technology. In addition, small firms also get affiliation advantages from a large company: in-house expertise, knowledge in production process etc.

However, such partnerships between small and large firms often create disastrous results. Small companies must be aware of the potential downsides of partnering up with big-

shots. One of the major issues is theft of intellectual property. Once you have shared the essence of your idea, the big brother might just part ways and say, 'who are you again?' Some may contend, 'They can't do that because its against the protection law.

They will get sued!' Sure, the large companies will get sued but the small companies just don't have enough financial support of their own to take the fight all the way or even start a fight. It is lose-lose situation for the little David and the Goliath walks away with a smile.

Luckily, there are things a small business can do to help itself and minimize the damage when the misfortune happens. First, when negotiating a partnership, avoid dealing with one person at the bigger firm because after that person is no longer in charge of the deal, small firms find themselves in trouble.

Also, try to diversify your sales route as much as possible. Having all your income from the partnership often leads to cash-flow problems because you often have to spend a lot of money to provide services for the big firm.

Most importantly, you should carefully assess whether the partnership is the right business opportunity. The name value of the big company often cloud the judgement you make, so have a mentor or an advisor who can guide you through the process and making decision.

Sometimes, it is best to sell the company, so that you have something in your hand when you get out.

In short, if a small company makes the decision to have a partnership with a larger one, it must make the call carefully. Once it is done, it would be best to learn from the experience and the period of the partnership. The larger firms often have creative, innovative ideas. It is wise to learn how the ideas are developed and carried out, for the experience could be something valuable that small firms need.