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Short Communication

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Strategic Alliances in Today's
Universities and Colleges

Green et al.

The Coronavirus Effect: Building Strategic Alliances in Today's Universities and Colleges

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Abstract

Due to disruptive changes such as COVID-19, universities can no longer afford to tackle these turbulent forces solely. In today's hypercompetitive environment, companies that want to compete in the future understand that the status quo will not do. According to Accenture, 76% of business leaders surveyed agree that current business models will be "unrecognizable" in the next 5 years. Businesses that attempt to move forward against the backdrop of uncertainty and unpredictability with little or no partnerships will find it difficult to be successful. In this short communication, researchers examine how to build strategic alliances in a disruptive world marked by uncertainty and unpredictability, given the impact of COVID-19.

Keywords: Strategic alliances; Disruptive change; Organizational behavior; Leadership.

1. INTRODUCTION

Nathan did not see how rural America would survive after September 11th. Before that event, Nathan, as part of his sales job, visited two rural communities in North Louisiana: Minden and Gibsland. Both communities struggled with their lack of a tax base and job opportunities. Many of their bright, young people had left their communities for city life in larger cities in the state and beyond.

Yet, in 2019, Nathan was astounded at these communities now. There was Minden with a slightly larger population in 2011, still struggling with its economy. And then there was Gibsland with its thriving economy.

New companies were opening. There were influxes of new residents, especially from the Northern states, coming to live there. Nathan could not resist talking to Gibsland Mayor Becky Pullen about this turnaround.

Mayor Pullen suggests a simple strategy of a collaborative effort. She explains that their community decided to pull together and pool their resources on a shared vision. We identified the strengths of our community, as well as we got business and non-profits organizations to work together on our vision of being the best catfish spot in the country.

We worked with the local colleges and K-12 systems to build curriculums around tourism and the fishing industry. Citizens in the community were excited about this strategy. We slowly started seeing the results in 2015. We have never looked back. We had successfully created a strategic alliance for our community.

In today's hypercompetitive environment, companies that want to compete in the future understand that the status quo will not do. Accenture Strategy surveyed 1,252 business leaders from diverse industries across the world to better understand the degree to which companies are capturing ecosystem opportunities.

We discovered that companies are pursuing new business models to navigate, or even lead, disruption. When asked what they would typically do to disrupt their industry, 60% of executives said, “build ecosystems.” Nearly half have already built or are currently building an ecosystem to respond to disruption (Lyman *et al.*, 2018).

According to Accenture, 76% of business leaders surveyed agree that current business models will be “unrecognizable” in the next 5 years (Kalia, 2019). Businesses that attempt to move forward against the backdrop of uncertainty and unpredictability with little or no partnerships will find it difficult to be successful. In this discussion, we will explore how to build strategic alliances in a disruptive world marked by uncertainty and unpredictability, given the impact of COVID-19.

2. THE URGENCY FOR HIGHER EDUCATION

Due to numerous problems in higher education, universities are struggling for sustainable answers especially after COVID-19.

Today, due to the COVID-19 pandemic, prospective freshman may be unable to even apply for college because of their families’ financial situation from rising unemployment rates and a lack of college readiness that may result due to unplanned school closures, or community instability. This exacerbates the financial impact of declining college attendance and along with a reduction in international students, this can mean severe financial shortfalls for colleges resulting in the ability to serve their students. These factors and others make the financial future of higher education in the United States uncertain. Furthermore, Donoghue (2009) asserted that it is only possible to truly understand higher education in the United States until you appreciate the significant change in the concentration of wealth in the country during the last 30 years. During that period, a sharp socioeconomic divide has resulted in the richest 1% of Americans coming to own more private wealth than the bottom 90 percent. The top 10% of Americans now own 71% of all private wealth and is now mirrored in higher education. The top and bottom segments of U.S. higher education have grown so differently that they are no longer a single coherent social institution.

3. THE NEED FOR STRATEGIC ALLIANCES

Strategic alliances can help an organization through disruptive changes. What is a strategic alliance? According to the business dictionary, a strategic alliance is an “agreement for cooperation among two or more independent firms to work together toward common objectives.”

Unlike in a joint venture, firms in a strategic alliance do not form a new entity to further their aims, but collaborate while remaining apart and distinct. The advantages of a strategic alliance include: (a) sharing resources and expertise, (b) new-market penetration, (c) expanded production, and (d) innovation.

Organizations are able to leverage limited resources and maximize their core competencies to spin-off innovative ideas into tangible actions. The disadvantages include loss of control and increased liabilities. Effective strategic alliances must be built on trust and transparency. In most cases, organizations must surrender their autonomous thinking to collaborative efforts. With strategic alliances, there is a large risk that the outcomes will not be desirable ones.

Having taken risks in strategic alliances can pay off. For example, one company that has continued to infuse itself with effective strategic alliances is Starbucks, the Seattle-based business. In 1971, Starbucks started as a single coffee shop in the historic Pike Place Market. The company’s mission is “to inspire and nurture the human spirit—one person, one cup, and one neighborhood at a time.” (Khor, 2013).

Today, Starbucks is the world largest coffee retailer, with over 19,000 locations in more than 60 countries, selling over 2 billion cups of coffee every year (Krikorian, 2014). In 1993, Starbucks partnered with Barnes and Noble bookstores to provide in-house coffee shops; Starbucks built an alliance with United Airlines to serve Starbucks coffee on all its flights; Starbucks made a strategic partnership with Kraft foods, resulting in Starbucks coffee being marketed in grocery stores; and finally, in 2006, Starbucks partnered with Apple to collaborate on selling music as part of its “coffee house” experience.

4. THE STEPS FOR STRATEGIC ALLIANCES

Building long-lasting relationships take time and effort. Therefore, good strategic alliances that last over time is not done by chance. Rosabeth Kanter, former Chief Editor of *Harvard Business Review*, and author of the new book *Think Outside the Building: How Advanced Leaders Can Change the World One Smart Innovation at a Time*, argues, "In rapidly changing environments, compatibility in values, philosophy, and goals are more important than specific features of an immediate business deal. The basis for collaboration must be more enduring, and there must be a foundation for mutual trust to help inevitable weather changes or problems" (Kanter, 2010). Additionally, Wakeam (2003) suggested five critical elements for strategic alliances, which are (a) critical to the success of a core business goal or objective; (b) critical to the development or maintenance of a core competency or other source of competitive advantage; (c) blocks a competitive threat; (d) creates or maintains strategic choices for the firm; and (e) mitigates a significant risk to the business. Regardless of the situations, all parties must understand, agree, and recognize what is expected of them.

The following key strategic alliance steps are key for success of any business:

1. **Each organization should have a shared vision.** DeDiemar (2020) found that a clear and open line of communication among the university president, chief of staff, and chief communications officer is critical during the COVID-19 situation. These positions are involved in every strategic and operational area within the university. They establish and maintain the choreography that is so vital between risk management experts and the strategy for communicating with university audiences. According to Pepperdine University (2020), the University continues to update its pandemic emergency response plan to reflect current COVID-19 circumstances. It has a comprehensive plan in place to protect the well being of the University community and the University's Emergency Operations Committee (EOC) is working closely with University stakeholders, as well as an outside infectious disease expert; consulting with International SOS regarding international programs and travel risk assessment; and following advice from the World Health Organization (WHO), the Centers for Disease Control and Prevention (CDC), and the Los Angeles County Department of Public Health. Their plan addresses many possible scenarios at all University campuses with the overarching goal to best protect the community.
2. **Each organization should bring its strengths (core competencies), but be aware of its weaknesses.** Organizations are using alliances to fill needs in their own competencies and to grow in new markets and regions in the world. In dealing with the challenge of global competition, textile companies are using strategic partnerships to maintain competitiveness. Strategic alliances are enduring inter-firm co-operative arrangements, involving flows and linkages that utilize resources, or governance structures from independent organizations, for the purpose of joint accomplishment of individual organizational goals connected to the corporate mission of each sponsoring firm (Dadashian *et al.*, 2007). Strategic alliances are an important source of resources and learning and they help grow core competencies. Therefore, managers must make decisions to develop the most important competencies necessary for success. Firms look for strategic alliances to leverage their partner organization's competencies and understand their weaknesses, which can be turned into strengths and opportunities (Dadashian *et al.*, 2007).
3. **Develop short-term and long-term goals.** Setting goals for both the short- and long-term alliance is a vital part of an organizational success. Computer maker Hewlett-Packard's alliance with The Walt Disney Co. has produced very good results. HP provides major IT solutions and innovation to Disney's divisions with co-branding as a critical part of the relationship. This alliance was negotiated and structured, with a clear understanding of what each partner had to contribute and could expect to derive from the relationship with an eye on the future and how that might change. These alliance partners are both complex organizations and integrating their alliance goals only happened due to solid planning and manageable expectations regarding implementation. The success factor in any alliance and especially one with a complex organization is being able to coordinate brand exposure, joint marketing, and customer experience ("5 keys," 2002).
4. **Seek compatibility in values.** Partners must spend time up front to jointly define the relationship they want, the alliance generates significantly greater value than when they focus exclusively on business goals, contract terms, and formal governance structures. Schering-Plough sought ways

to establish a stronger foundation for collaboration with partners from the start of alliances and alliance generates significantly greater results (Hughes and Weiss, 2007).

5. **Develop measurable outcomes and track results.** Developing measurable alliance outcomes is important in a partnership, but instead of focusing exclusively on the bottom line measurements of financial value, companies should work to build measurements of factors that will impact the alliance's ultimate performance, the leading indicators. Positive results on these interim metrics can help earn sustainable corporate commitment (Hughes and Weiss, 2007).
6. **Put it in writing as a collaborative work, but don't leave it all to the attorneys.** Just as good fences make good neighbors, so do contract and documents that define an alliance. According to Wharton@Work (2011), Hewlett-Packard developed 60 different tools and templates, included in its 300-page manual for guiding decision-making in alliances. The manual includes template and tools for building the foundations for an alliance, forms for evaluation of the partnership, a template outlining negotiation and the roles and responsibilities of departments and roles and for measuring alliance performance, and even an alliance-termination checklist.
7. **Build on mutual respect.** The U.S. Department of defense builds upon the idea of strength in numbers and working with alliance for success. One foundation of alliance expectations is that they uphold a foundation of mutual respect, responsibility, and accountability. They state they will uphold their commitments and that they expect allies and partners to contribute their fair share, including financial responsibility (Lange, 2018).
8. **Keep communication flowing.** Communicate fully and consistently in partnerships. This will help you build bonds that will strengthen your relationship and keep it growing. "Friends," the famous sitcom, was one of the most successful shows on television and lasted 10 seasons due to the ability of its six actors and actresses to make things work. They achieved this by sticking together and dedicating themselves to a shared vision. One clear sign that they communicated effectively was the fact that throughout the show's entire airing, all six cast members earned the same pay per episode throughout the show's run (Ta and Dhanuwardoyo, 2016).
9. **Have a champion in each organization to serve as liaisons.** Someone needs to be accountable for the actions associated with this alliance. According to ASQ (2020), champions are those in organizations who translate the company's vision, mission, goals, and metrics to create an organizational deployment plan and identify individual projects in alliances. Their role is to also identify resources and remove roadblocks and liase between the organizations.

5. THE PATH FORWARD

As we move forward after the aftermath of COVID-19, there will be an onslaught of crises across the globe. Most large firms with the financial power will opt to solo through tragedies alone. Some will succeed in the short-term, while many will fail as history shows.

In this article, we demonstrated how to build strategic alliances in a disruptive world marked by uncertainty and unpredictability. While the coronavirus poses a challenge for the world, dealing with crises alone is not wise. Organizations that can be collaborative on a shared vision create a culture that can spin off innovation and can ensure sustainable successes. Find the right organizations for effective strategic alliances. Pray that it is not too late.

Conflict of Interest

There is no conflict of interest.

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Biographical Notes

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