Let's Talk About Your Specific Partner

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Abstract

As history proves, partnerships in it broadest sense are a valuable resource. They provide strengths where your own team may be weak, knowledge in areas you have no expertise in, and/or assets that are unrealistic for a small team to provide. Funding options look for solid partnerships (founding teams, SME partnering with large and small firms, large firms partnering to compliment competencies etc.) that complement each other, building on each other's strengths.

But there are many types of partnerships. How do you identify your needs and seek out a partner that satisfies that need? In this paper we identify the types of partnerships that could be available and provide reasoning as to why each one might be appropriate. The world is constantly changing. Our methods of starting, growing, and scaling firms not only need to change with the times, it needs to incorporate the tools we are familiar with and push innovation to meet the new challenges these changing times offer.

Keywords

Partnerships, founding teams, Partnering in theory in practice, practical theory

Introduction

A recurring theme in American culture is the Western cowboy—tough, singular, capable of handling anything on his own. He is the symbol of American individualism [Rogers 2012]. The cowboy of whatever gender is not, however, an appropriate symbol for a commercial enterprise.

In the business world, especially during the initial phases of development, design, and building out of your product, "going-it-alone" can be a disaster [Kassicieh and Walsh 2004]. Let's dig deeper to help identify the best possible partner for your unique needs**.** We follow in our perspective effort a short discussion about why find a partner and how partnerships can lead to success based on competency sharing [Prahalad and Hamel 1990], [Prahalad and Hamel 1991], [Marinakis et al 2016]. Moreover, we follow with developing a compelling argument for partnering. Finally, we provide a discussion the need for strategic alignment.

Why Find a Partner?

One of the many reasons to find a partner is the NSF SBIR grant told me to [Walsh and Kirchhoff 2002]. But why? Simply put, your team probably doesn't have all the technical and commercial expertise to be successful. Partners and/or alliances will fill these gaps, proving the proposal's capability and strength in the areas that originally the NSF and then all US agencies are looking for – innovation, viability, and broader impacts, as per their call for proposals [Wessner, 2008].

Businesses are rarely self-sufficient, lacking resources and knowledge to succeed on their own. By leveraging these assets from collaborators, you also strengthen your viability to investors [Giglio et al, 2025]. With limited number of investable opportunities and the high risk of startups, investors must select the best opportunities in which to put their funds [Kaufman, 2021]. By covering all the knowledge gaps and strengthening your expertise, you offer not only a broad skills base, but you also prove your ability to know what you don't know. It's just as important as knowing exactly what your skillset is and how to apply it.

Finally, the more the merrier when it comes to commercialization. Getting your product to market is a tough job. Partnering with an expert in the field provides you with the space to do what you do best. No matter how brilliant, how necessary, your product may be, you can't be successful if your market never sees it.

How Partnerships Drive Success

"Partnerships aren't just about splitting resources or expanding reach; they can reshape entire industries. When two companies combine their unique strengths, they can challenge outdated business models, set new market trends, and create products or services that redefine customer expectations" [New York College, 2025]. This is what the Corning corporation and the Dow corporation did to form a company so strong that the judicial system in the U.S. had to split these firms under the Sherman Antitrust act [Proehl 2002]. In the modern arena of the transformative economy with the embrace of disruptive technology, partnerships can spark new ideas, enhance performance, and innovation moves forward at a much more rapid pace [Groen 2008]. These technologies can create new break-through products and industries in a shorter timespan than traditional technologies.

Partnerships also share risks and resources. New York College refers to partnerships as being especially import to pharmaceutical industries, where the risk is exceptionally high. [New York College, 2025].

Furthermore, collaborations between large, established corporations and smaller start-ups is a uniquely powerful combination as was the case with PIXAR and Disney [Choi 2022]. The strengths of a major corporation, such as available funding and resources, counterbalances the more nimble small firm, accelerating innovation while diversifying risk. The weakness of such a collaboration include undefined products and services, new and untested management, and a lack of economic self-sufficiency. [Giglio et al, 2025]

Compelling Environment

Several things that must be taken into consideration are the potentials for squash downs, wipeouts, givebacks to balance the general partner/limited partner ratios, and the "Little Valley of Death."

Squash Downs and Wipeouts

- Squash downs happen when you must reduce the scope, complexities, or features of your product to be able to get to market more quickly. The reasons for this downsizing include a similar competing product about to hit the market at the same time, lack of sufficient funds to build the large-scale product, and prevent a wipeout by cutting the project to its core value proposition. What you then produce is the Minimum Viable Product (MVP). [Houser and Kisska-Schulze 2022].

Wipeouts

- Alternately, a wipeout means a complete failure of your project. Sometimes this happens due to technical problems, a flawed product design, or poor market evaluation of needs. This can happen even after major investments have been made. A squash down can sometimes be a last-ditch save the project, reducing the project to the minimum viable product to reduce costs, and saving the most valuable features instead of being a complete failure [Reinardy and Zion 2020].

Givebacks

- Givebacks in are commonly known as 'clawbacks' in private equity and venture capital. Givebacks happen when a fund faces unexpected expenses, as well as tax liabilities and legal fees. These events happen after initial profit distributions to the limited partners.

This process protects the general partner/limited partner ratio when the profits are lower than originally predicted.

Little "Valley of Death"

- Little "Valley of Death" funding is the critical, high-risk gap where early-stage innovations – biotech, defense, clean energy – are promising but still struggle to get funding for their early stages of development. This includes the earliest stages of proof-of-concept and prototype. Some private investors consider many of these areas too risky. Many of them wait until the products are ready for market or there is government or other non-dilutive funding in place, reducing their risk exposure. This can be where angel investors invest – they are usually more risk-tolerant [Klitsie et al, 2019].

Strategic Alignment

- Strategic alignment ensures that all aspects of an organization align with its overall strategy. This includes its goals, resources, activities, and aligning teams, other departments, and individuals. Everything must work cohesively toward the same object to be successful. Effective resource allocation is a key part of this strategy. This organization-wide alignment maintains focus and a more nimble response to market changes. (Srivastava et al. 2017)

<u>Partner Typology—Strategic Alignment</u>

"In the modern business landscape, companies are constantly challenged with evolving customer demands, technological advancements, and competitive pressures. To thrive in such a dynamic environment, it's imperative for organizations to ensure that their goals, initiatives, resources, and operations are in sync with their overarching strategy.

This synchronization, known as 'Strategic Alignment,' is critical for enhancing organizational performance and achieving long-term success."

[Transparentchoice.com, 2025]

The most common factor (37%) behind project failure is a lack of clear goals (or even a lack of alignment to corporate goals [PMI Pulse of the Profession, 2017]. It is essential to properly identify the goal(s) that align with your product, your team/other partners, and your industry.

Each partner must provide the necessary knowledge, skills, and abilities (KSAs) to perform a job or task successfully. For example, your firm is an engineering firm that deals strictly with the design and manufacture of your product. It must be able to sell its products in a new market and it must successfully overcome barriers such as tariffs, regulations, distribution difficulties, and cultural differences. Each of these is complex and requires commitment to ensure fair competition and pricing. Partnering with a firm that has expertise in this area increases your product's potential for success.

It is import for your firm to consider the types of resources necessary, and how to acquire them. Differing resources include human, capital, and natural resources, depending on the product or service the firm plans to provide. Today, natural resources can also be further broken down into renewable or non-renewable. Human resources refer to skills and labor. Finally, capital refers to tools, money, and infrastructure.

The five factors of choosing a **Partner - Strategic Alignment** are:

- **Type of Technology** – this partner must be able to fill the technology gaps your team may have. All competencies must be covered skillfully
- **Type of Industry cycle** – your partner must operate on a similar industry cycle in or to successfully integrate with you and any other partners

- **Partner Firm Parachuting** – each partner must align with the full team's parachute provisions, or reach an understanding acceptable to all
- **Target Partner Firm Industry Rank** – how does your potential firm rank overall in the field? A partnership should be something you want with the highest possible ranked firm in order to gain access to the most competent assets

Summary

In the new, high-tech world, partnerships have become more essential than ever for a small or start-up firm to be successful. With limited resources and a volatile marketplace, these firms can build partnerships or collaborations with others in the field or in a complimentary field. Thus, they can fill their knowledge gaps and get access to resources they otherwise would not be able to attain. Larger corporations will partner with these smaller firms in order to gain access to new, innovative products and services that they themselves are not able to provide in the requisite rapid timeframe in order to reduce time to market and outpace any competition.

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