SANDY JAP

PARTNERING

WITH THE

FRENEMY

A FRAMEWORK FOR MANAGING BUSINESS
RELATIONSHIPS, MINIMIZING CONFLICT, AND
ACHIEVING PARTNERSHIP SUCCESS

Professor Sandy Jap
sandyjap.com
@SandyJap

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How Good Are Strategic Alliances and Collaboration?

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Failure is not due to the quantitative case (i.e., introduction and qualification), but in *how to work together*

"squishy" factors

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Enter the Frenemy

Why were they friends?

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- Samsung became #1 worldwide in cell phone share and tied with Apple in the US

- Google's mobile ad revenue was boosted

- Apple's dominance was stemmed

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Why did they become frenemies?

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- Samsung may be getting too big (40% share of Android gadgets, even greater than Kindle Fire)
  - o Might want a greater share of the partnering pie (then 10%)
  - o Grew its leverage with Tizen, an open source platform

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- Google paid $12.5B to acquire Motorola and expand its Nexus and Chrome devices
- Cease fire: Tizen limited to tvs, Motorola sold to Lenovo

More (in)Famous Frenemies

A frenemy is a person or group that is friendly toward another because the relationship brings benefits, but harbors feelings of resentment or rivalry
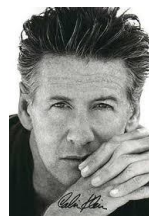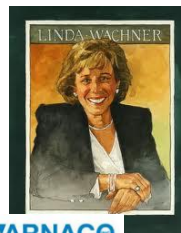
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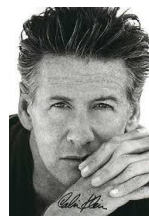
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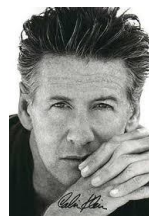
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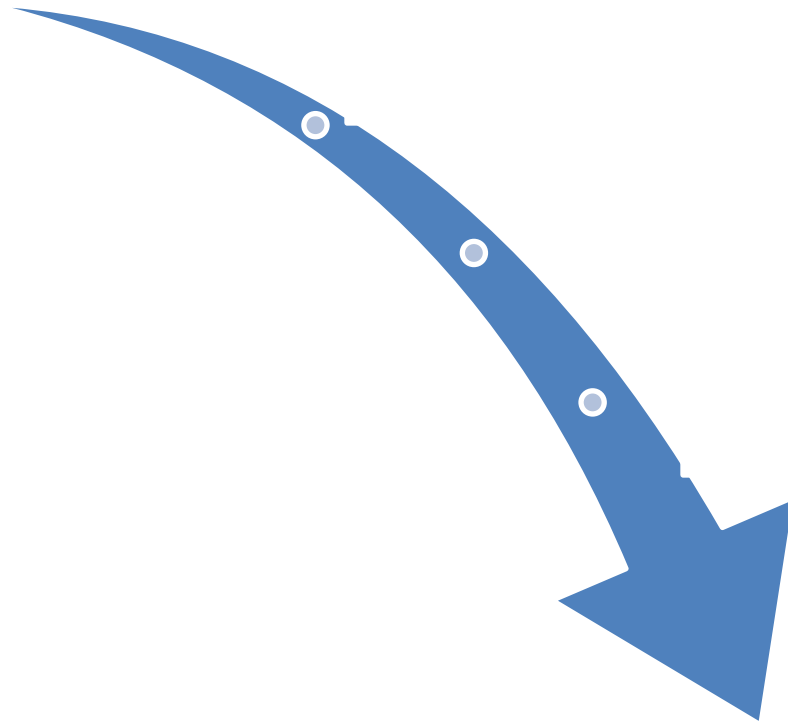
What Causes Frenemization?

Cease fire or death

Success breeds
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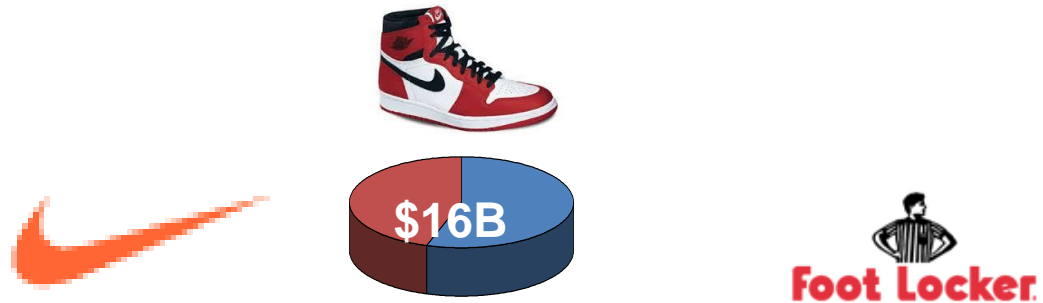
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Downward spiral
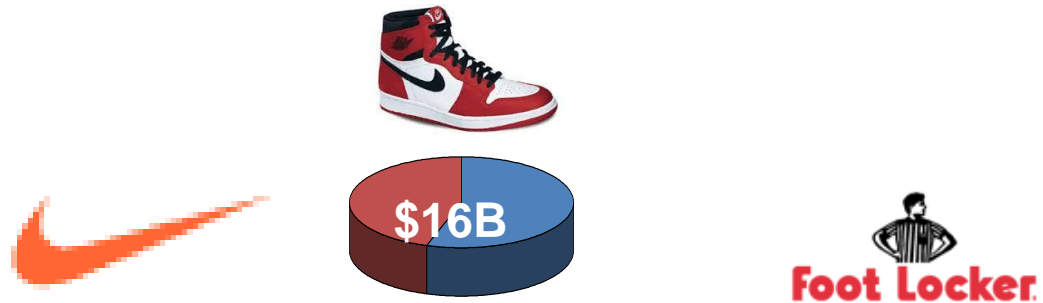
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The Nike-Foot Locker Death Spiral
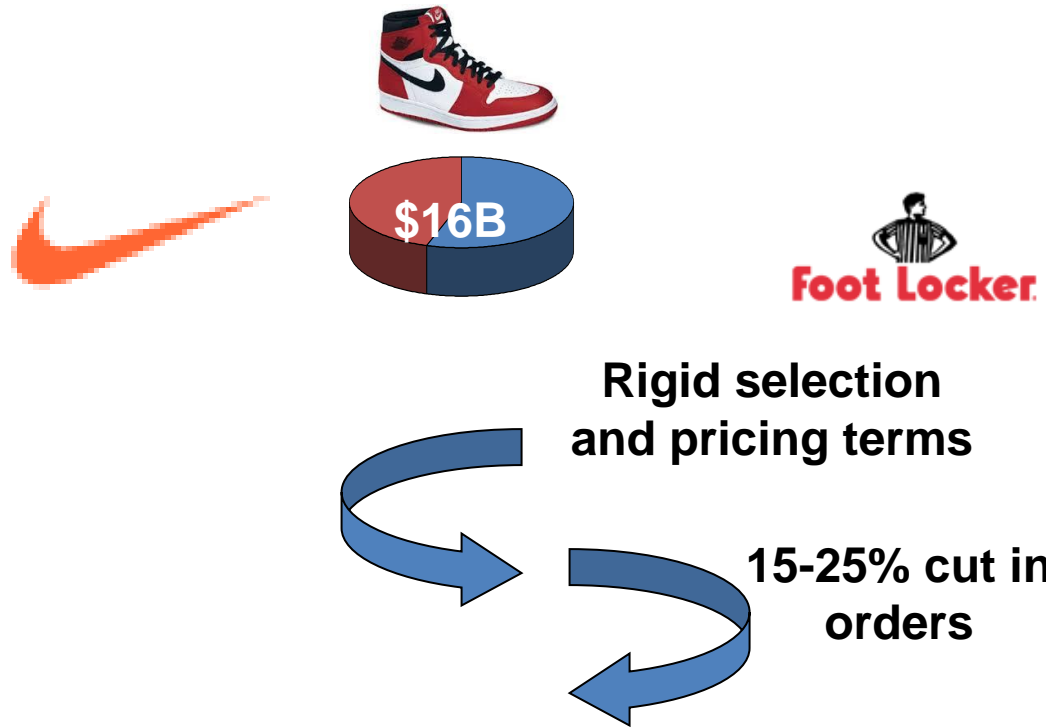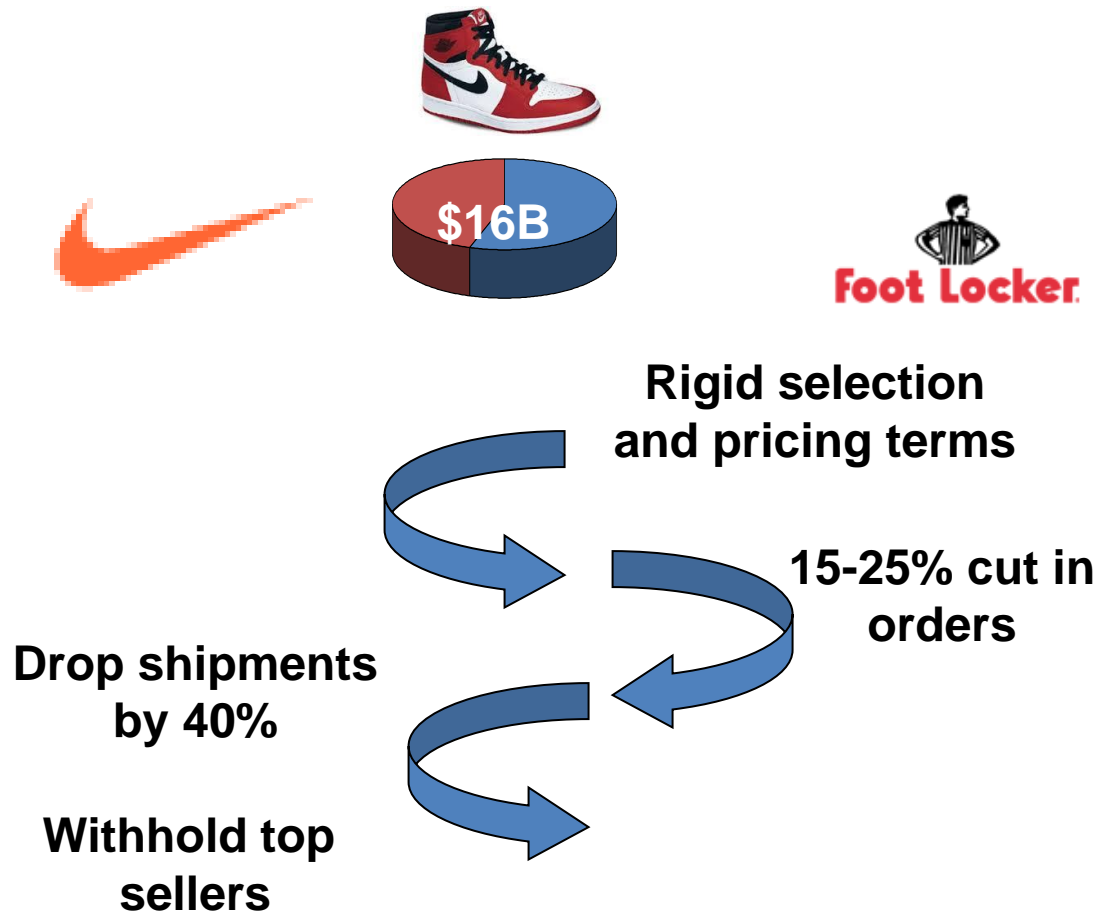
$16B

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Negative Bargaining Zone

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Bad news is hard to deliver

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Being "nice" leads to more work and dissatisfaction

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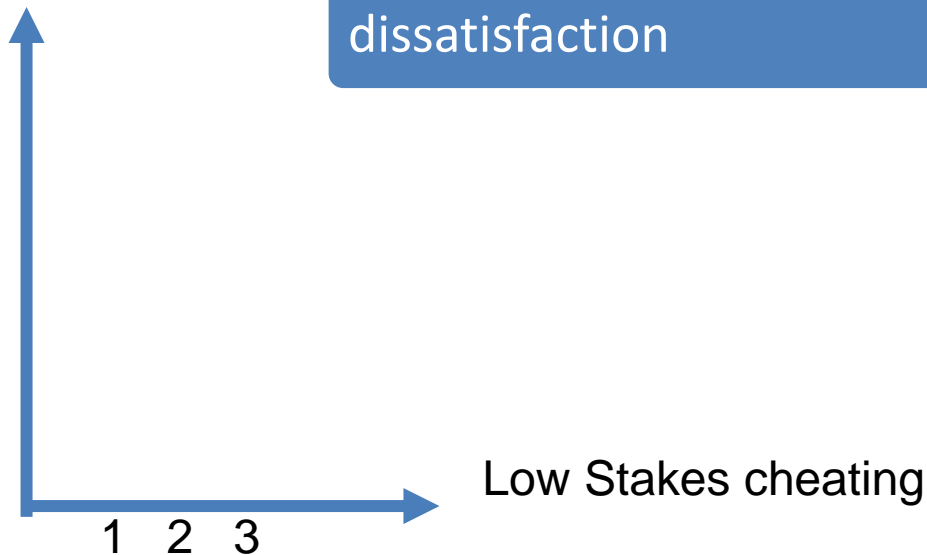
Being "nice" leads to more work and dissatisfaction

Low Stakes cheating

1   2   3

Relationship Physics

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Monitoring costs

Satisfaction

Low Stakes cheating

7
6
5
4
3
2
1

1 2 3

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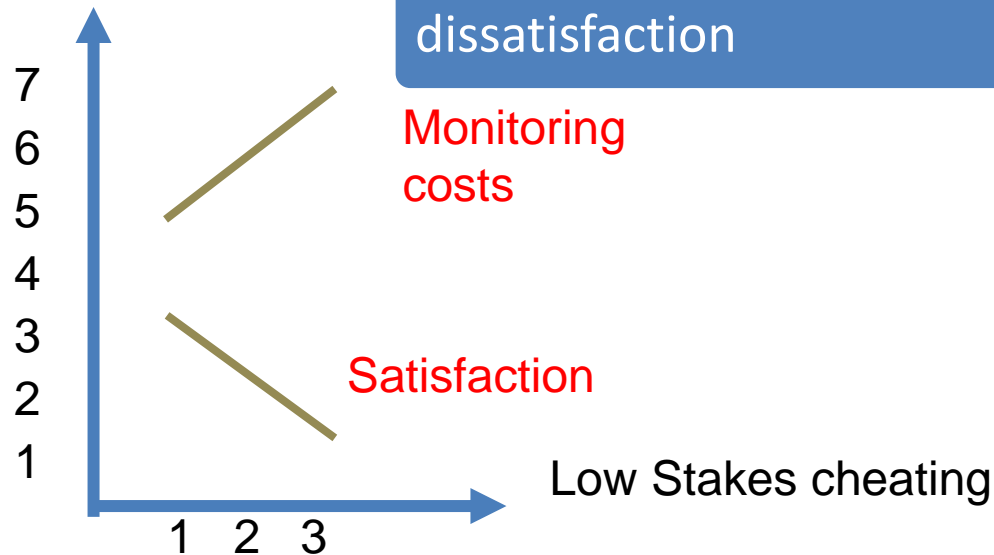
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Monitoring costs

Being victimized is effortful

Satisfaction

Low Stakes cheating

7
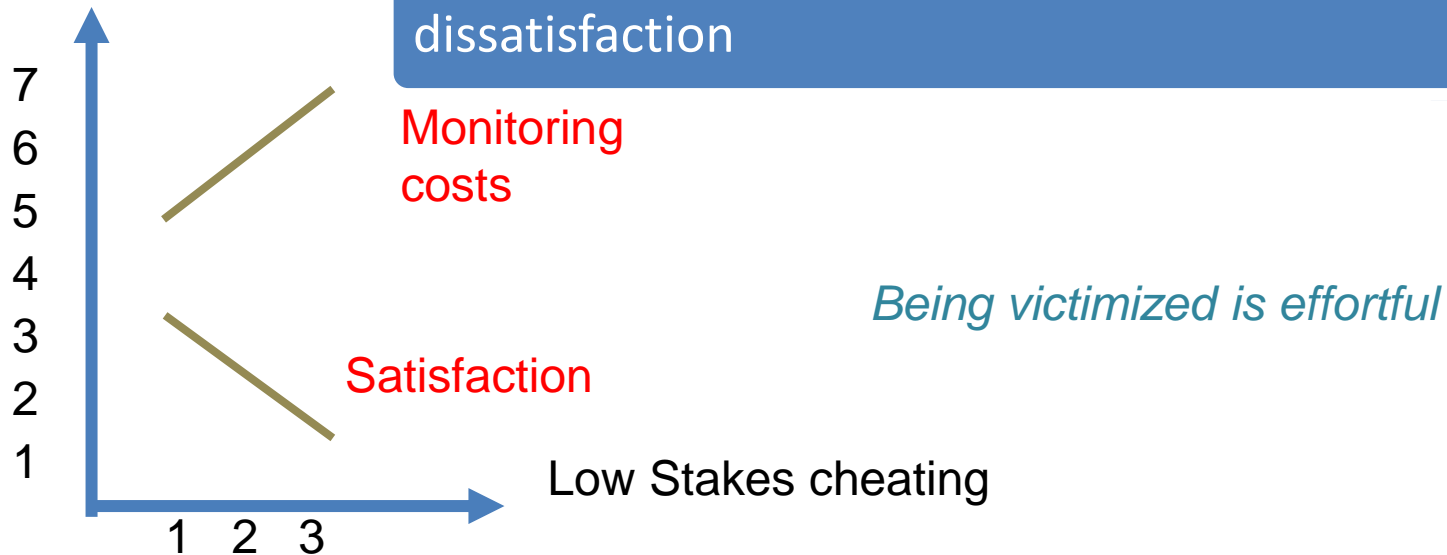6
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Too much rapport creates a narrative that fuzzies decisions

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A "relationship" justifies low stakes cheating

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Trust is

Too
that

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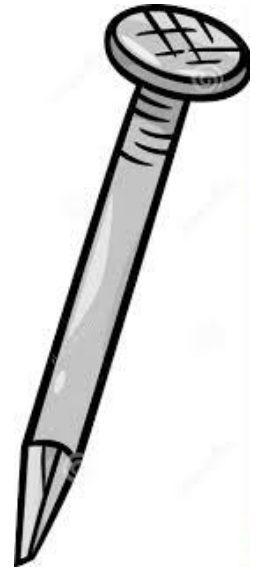
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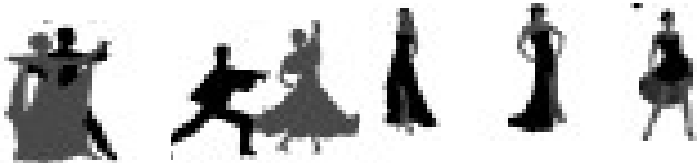Being "nice" leads to more work and dissatisfaction

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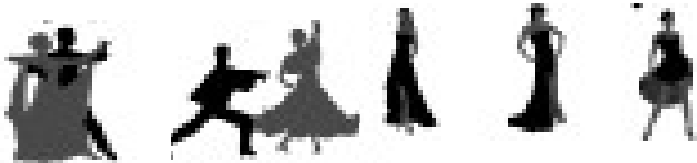
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Rebuild trust in consistent, incremental steps

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This is not marriage!
=> we are not divorcing

Get good at saying goodbye

Relationship maps, network development, post-mortem audits etc... systematic efforts

Is there a golden bullet?

Credible commitments, or a "mutual tying of the hands"

Dedicated - *matching* investments – eg, capital equipment, dedicated personnel, processes, specific learnings and strategies, implicit understandings

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- These must be "non-fungible" to work

Risks specifically tied to each partner

Foregone opportunities

Professor Sandy Jap

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