

Alliances Conference Canada 2012

Track 2- Alliances Best Practices

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UK Alliances

Alliance Name	Industry	Year Founded	Nº of Ismaili Members	Nº of Non-Ismaili Members
Avicenna plc	Pharmacy	1992	30	970
Spectrum Care Ltd./National Care Providers Association	Care Homes	2002	55	440
Association of European Healthcare Professionals	Healthcare	2009	Membership drive commencing soon	0
Dental Professionals Ltd	Dentistry	2009	43	34
Orchid Alliance Ltd	Dry Cleaning	2009	40	140
iHotels Alliance	Hospitality	2011	51	0
iCare Alliance	Eye Care	2011	35	0
Landlords Alliance	Res. Properties	2011	Membership drive commencing soon	0
Lawyers Alliance	Legal	2012	board recently formed	n/a
Accountants Alliance	Financial	2012	forming the board	n/a

International Alliances

Country	Active Alliances
UK	8
Canada	17
France	1
India	37
Kenya	1
Pakistan	5
Portugal	1 (umbrella group)
USA	1 (umbrella group)
Total	71

Taken from May 2012 international EPB survey of alliances

Re-confirm Objectives and Structure

✓ Objectives, Outputs and Outcomes

- Are the initial objectives still relevant? Can they be strengthened?
- Have you gathered info recently from your members on their needs? e.g. survey, focus groups, etc.
- Does everyone under understand the difference between Objectives, Outputs and Outcomes?
- Do you spend enough time at board meetings discussing strategic matters, including mid-to-long term strategic priorities?
 - e.g. have a separate conference call to discuss supplier deals / issues

Re-confirm Objectives and Structure

✓ Board Structure

- Do you have the right directors / team? Is it time for some changes?
- Usually, 4 - 6 directors is optimal
 - e.g. Chair, Fin & Legal, Supplier Relations, Membership Relations, Mktg. & Comms.
- How often does an EPB representative attend the board meetings?
 - e.g. all new alliances in the UK have a EPB rep on their boards
- Do you have Terms of Reference for each board position?
- Does every director sign a Directors Code of Conduct?
- Do you have / need a supporting committee?

Selecting Directors and Staff – critical success factor

“This is an absolutely critical position for our new alliance. So we must have someone who is highly responsible.”



"I'm definitely the one you want. In my last job, every time anything went wrong, they said I was responsible."



Be thorough and rigorous when selecting the team !

Financial Considerations

✓ Budgeting and financial projections

- Do you follow a clear and well-designed budgeting process?
 - Who gathers the info, when, how?
 - How often is the budget reviewed against actuals?
- Do you know your break-even points / levels?
- Do you have a practical financial model which allows you to forecast cash flows?
- Will you open up membership and share ownership to non-Ismailis?
 - i.e. when, how, financial and governance implications
- Is there sufficient functionality in your financial model?
 - e.g. to take into account different membership “participation rates”, changes in “average spend”, tiered rebates, cost fluctuations, etc.?

Revenue Forecasting – basic example

Total # of Members	X	Expected / Average Member Participation Rate	x	Average Spend per Member	x	Rebate Rate	=	Forecast Revenue
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Directors		Close Friends / Contacts		Other Members		Total units in the Alliance 100 (20+20+60)		
20 units x 80% participation		20 units x 50% participation		60 units x 30% participation		Total # of Units Participating		Participation Rate (i.e. for that specific supplier deal)
16	+	10	+	18	=	44	or	44%

Financial Considerations

✓ Ownership Structure

- Do you need to incorporate?
 - Alliances which only / almost entirely engage in knowledge sharing activities typically do not as they do not require “start-up capital”
 - Unincorporated Associations are sufficient for such alliances – e.g. certain professionals alliances
- Is it fair and equitable?
- Can shareholders “exit” easily ?
- Is there transparency?
 - e.g. Do shareholders and non-shareholder know and understand how revenues are generated and how net profits are distributed?

Financial Considerations

✓ **New EPB U.K. model**

- Most alliances require start-up capital only
- Each shareholder gets one vote only – regardless of size
- Distribution of net profits (after expenses and reserves) on a pro-rata basis to all members (not just shareholders) based on their spend
- Shareholders vote on directors, budget, and changes to articles
- No complications involving valuation of shares, dividend distributions, how to use built-up-equity, etc.
- Financial benefits linked directly to purchasing volumes
- Alliance can limit # of shareholders, if needed, without at all compromising financial benefits to non-shareholders
- Alliance will repurchase shares at original value and re-issue to “qualifying persons”
- First adopted by iHotels Alliance in 2011
- Dental Professionals Alliance and Drycleaners Alliance intend to covert to this structure in the near future
- All new U.K. alliances and some Canadian alliances are using

Operational Considerations

✓ Marketing & Communications

- Do you have a well-defined overall marketing and communication strategy?
- How often will you update the website, and with what information?
 - Best practices, events, business and / or employment opportunities, industry, supplier deals, etc.
- What is the process of approving changes to the website?
- How often will you advertise externally (e.g. in trade magazines)?
- Who will approve the marketing material?
- Do you have templates from other alliances, from magazines, etc. you can use to save time and make the most of your efforts?
- Which trade exhibitions / conferences will you attend, who will attend, what will you do there, and how will you assess / measure the “payback” from them?
- What is the alliance’s “branding” strategy?

Operational Considerations (cont'd)

✓ Membership Relations

- Do you have a clearly defined strategy for how often you will communicate with your members, about what, and who will do this?
- Is it important for your Directors to directly maintain relationships with members?
 - e.g. acting as “account managers”
- How will you get your members to get more involved in the alliance?
 - Data mining on individual purchasing volumes and trends
 - Involved in organizing seminars and other knowledge sharing activities
 - Director / staff follow ups with members
 - Recognize the most active members on the website, in newsletters, etc.
 - Involvement on committees and special projects
- How will you proactively identify unhappy / dissatisfied members, and how will you deal with their issues?
 - Surveys, focus groups, “account manager” roles, regular follow-ups by staff, etc.

Operational Considerations (cont'd)

✓ Supplier Relations

- Do you use RFPs, agreements, MOUs (reviewed / prepared by a lawyer) to formalize your relationship with each supplier?
 - Ensures that you identify and maintain good relationships with the most appropriate suppliers / strategic partners, and that risks are effectively managed
- Have you identified / pursued joint purchasing arrangements with other alliances?
 - Need to consider rebate and cost sharing issues with the other alliance(s)
- How will you determine / evaluate how satisfied your suppliers are with the Alliance and how to improve your relationship with them?
- What process have you established to deal with concerns and complaints from suppliers, and complaints from members (and from the board) about suppliers?

Operational Considerations (cont'd)

✓ Office & Administration

- Do you need part-time or full-time staff when you launch?
 - Skills required
 - Time commitment required
 - Budget
 - Etc.
- Who will train, manage, support, and evaluate the staff?
- Is the staff liaising and collaborating with other alliances to capture best practices, identify synergies, etc?
- Where will you locate the office / staff?
- What additional / different skills will you staff require as your alliance grows?
 - e.g. if and when you expand nationally, to outside of the community / Jamat, etc.

Building morale and effective teams



How not to do it...metaphorically...or literally

Monitoring & Evaluation Considerations

- Conduct surveys, focus groups, follow up calls
 - i.e. of members, of suppliers, of strategic partners
- Benchmark
 - e.g. against competitor and other sector leading alliances
- Evaluate the following (at a minimum):
 - Financial benefits generated by the alliance
 - Knowledge sharing activities of the alliance
 - Directors' performance
- Capture key data / stats annually
 - Include the relevant info in the “annual report”
 - Present the findings at the AGM
 - Show a record and show trends over time
- Make necessary improvements / adjustments
 - e.g. change suppliers / strategic partners, change directors, implement new and / or revise existing initiatives
- “Outputs” are important, but “Outcomes” are critical
 - make sure everyone understands the difference

Thank You