

Towards a stage driven approach in strategic international sales partner selection

Document:	<i>Master Thesis</i>
Place and Date	Deventer, July 2015
Author	Jan Jaap Meendering
Student Number	s1188860
Master program	Master Business Administration
Specialization	Innovation Management and Entrepreneurship Track University of Twente
First supervisor	PD dr. R. Harms (Rainer)
Second supervisor	dr. A.M. von Raesfeld Meijer (Ariane)
External supervisor	Mr. B. Crenell (Bryan)
University of Twente	Accsys Technologies PLC
Drienerlolaan 5	Royal Albert House
7522 NB ENSCHEDE	Sheet Street SL4 1BE WINDSOR

PREFACE AND ACKNOWLEDGEMENTS

Imaging yourself standing in front of a colorful fruit stand on the market. Your goal is set: pick the most tasteful fruit. But, it seems impossible. Too much choice, too expensive, and too time consuming to taste all the fruit that the stand has to offer. You need to find a way to distinguish the tasteful fruit from all the others. Find a way to select the most tasteful one of its kind. Taste is inside and we need to find the signs that are revealed on the surface in order to make the best choice possible based on the limited knowledge you have. This thesis does the same for the case company. The thesis aims to identify the criteria to make the best possible decision for Accsys Technologies' fruit store; new partners. Next the way to reveal this criteria is part of a process of selection. By optimizing this process new partners can be selected within limited time and resources.

By writing these acknowledgements this research is finished, I am looking forward to a next step in my professional career. By writing these acknowledgements it is time to look back at a difficult and lasting part of my master program.

I would like to thank my university supervisors dr. Harms and dr. von Reasfeld Meijer for their support, creative and scientific insights. Meetings were effective and kept me motivated. Their patience and confidence provided the basis to finalize this master thesis.

Next, I would like to thank mr. Crenell for his enthusiastic approval to do research at Accsys Technologies PLC. Thanks to him, together with the sales managers, I was able to do the extensive interviews with key persons within the case company.

For the last two years this thesis gave me occupation during the weekends. Thanks to my friends Eric Linderhof and Christian Verharen the Sundays in the library were almost a weekly day out. . Next, I would like to thank my cousin Haico Ebbers for his guidance. As I combined writing this thesis with running a company I would like to thank my co-workers for their occasional boost when the subject thesis past the lunch.

Looking back at these two years I can state without any doubt that I had the greatest and most loving support of family and friends. Without elaborating too much I would like to thank my parents, sibling and friends for the unconditional support.

Deventer, 7 July 2015

Jan Jaap Meendering

MANAGEMENT SUMMARY

Research aim: sequencing the strategic international sales partner selection process
Design/methodology/approach: qualitative / explorative research by semi-structured interviews
Findings: a stage drive approach can lead to a more structured strategic international partner selection process
Originality/value: introducing stages within the partner selection process
Keywords: partner selection criteria, international partner selection, task- / partner related selection criteria, risk- / learning related selection criteria, partner selection process, strategic partner selection model

Paper type: Master thesis. This master thesis is performed as final research of the master 'business administration' and the specialization 'entrepreneurship and innovation' at the University of Twente, The Netherlands. The explorative research question is answered by executing semi-structured interviews within Accsys Technologies. The aim of this research is answer a practise oriented business problem. The case company Accsys Technologies PLC seeks foreign partnerships. The thesis is about the use of partnership selection criteria used by entrepreneurial, innovative firms.

Central questions:

Research question 1) **Which categories of selection criteria are used in strategic partnership selections?**
Research question 2) **How are the selection criteria sequenced in a partner selection process?**

Conclusion:

Research question 1) the used categories of selection criteria are in order of importance: task-related, partner-, and finally learning-related. The use of formalized partner selection criteria within the focal firm is limited. The firm works without a formal approach in their strategic international sales partner selection process. The used categories and the importance per category differ among managers and regions.

Research question 2) there is evidence that the selection criteria can be sequenced. This sequence leads toward a selection model for strategic international sales partners. The process is based on a structured route from selecting a new market towards selecting one partner within the selected market or region.

Managerial recommendations: The main managerial suggestion in this research is to develop stages within the strategic international sales partnership selection process. When the management chooses to work with a stage driven partner selection model, there could be a budget assigned to each stage. Furthermore the management could consider a common time frame of a total selection process and a time frame per stage. Loop the selection process after an amount of time. This loop can function as moment of review of the current partners and therefore improve the partner network continuously. As the focal firm experienced a learning curve from founding until where they are now, a natural next step could be formalization of the rich knowledge among the sales managers towards a strategic international sales partners' selection model.

Contribution to theory: Bases on a literature research on partner selection theory (Brouthers, Brouthers, & Wilkinson, 1995; Geringer, 1991) the selection process is sequencing. The contribution to the theory is explorative evidence that the partner selection model can be sequencing by introducing stages in the international strategic sales partner selection.

Table of contents

PREFACE AND ACKNOWLEDGEMENTS.....	2
1 INTRODUCTION.....	6
2 THEORY – STRATEGIC INTERNATIONAL SALES PARTNER SELECTION	8
2.1 Partner selection <i>criteria</i>	8
2.1.1 <i>Strategic partnerships</i>	8
2.1.2 <i>Partner selection</i>	9
2.1.3 <i>Grouping partner selection criteria</i>	9
2.1.4 <i>Partner selection criteria categories</i>	15
2.1.5 <i>Categorizing partner selection criteria: a matrix</i>	20
2.2 The partner selection process	21
2.3 The partner selection model	23
3 METHOD.....	25
3.1 Research design	25
3.2 Data collection	26
3.2.1 <i>Desk research</i>	26
3.2.2 <i>Field research: semi-structured interviews</i>	27
3.3 Interviewee and company selection	27
3.4 Data analysis	29
4 ANALYSIS.....	30
4.1 Partner selection criteria	30
4.1.1 Task related criteria.....	31
4.1.2 Partner related	34
4.1.3 Learning related.....	39
4.1.4 Risk-related criteria	41
4.2 Partner selection criteria matrix	43
4.3 Partner selection process	44
4.3.1 Duration of the process	44
4.3.2 Stages of the process:.....	45
4.3.3 The partnership selection model.....	50
5 CONCLUSION & DISCUSSION	52
5.1 Conclusions.....	52
5.2 Discussion of the findings.....	53
5.3 Managerial implications & suggestions.....	54
5.4 Limitations	55
References:	57

APPENDIX	64
List of tables	64
List of figures	64
Appendix 1: Case study of Accsys technologies.....	64
Appendix 2: Partnership development Accsys Technologies PLC	68
Appendix 3: Summary intake interview.....	68
Appendix 4: Research aim.....	69
Appendix 5: Interview invitation	70
Appendix 6: Interview framework	71

1 INTRODUCTION

Strategic partnerships are partnerships that consist out of two or more corporations that work together to achieve strategically significant objectives that are mutually beneficial (Wu, Shih, & Chan, 2009). Strategic partnerships become more important when entering an international market (Dacin, Oliver, & Roy, 2007). As for today, partnerships are one of the most common means of entering a foreign market (Osborn & Hagedoorn, 1997). Furthermore, this is a trend that companies search for in international partners from their founding on, called born-global firms (Knight & Cavusgil, 2004; Rialp, Rialp, Urbano, & Vaillant, 2005). Among top level management, partnerships are seen as a primary growth factor (Schifrin, 2001). Partnerships provide foreign partners with quick access to new markets by leveraging the local partner's market knowledge, local network and distribution channels (Julian & O' Cass, 2002; Su, Tsang, & Peng, 2009), partnerships help to reduce risks and increase revenue (Gale & Luo, 2004). A starting company can also be pushed into international markets due to significant R&D start-up costs and limited home market potential (Moen, Bolstad, Pedersen, & Bakas, 2009). A strategic partnership can be a main source of competitive and commercial advantage (Claycomb & Frankwick, 2004; Dyer & Singh, 1998; Kwon & Suh, 2004) and it can yield competitive benefits of both partners (Dacin, Hitt, & Levitas, 1997; Dacin et al., 2007). Various, almost countless other advantages of strategic partnerships are described in literature (Geringer, 1991).

However, many partnerships fail to become a successful strategic partnership (Elmuti & Kathawala, 2001; Forbes, June 2014). The intercultural, inter-organizational nature of partnerships results in complexity, dynamics and challenges for the partners (Gale & Luo, 2004) and the success of partnerships depends on the identity of the local partner (Lu, 1998). Hence new partners should be carefully selected to increase performance of the selected partners (Geringer, 1991). Partner selection in general is seen as an important variable in the formation and operation of partnerships (Geringer, 1991). International sales partners are an important way to establish international sales, contact and local knowledge (Varis, Kuivalainen, & Saarenketo, 2005). This can be called strategic international sales partner. The selection of strategic international sales partner is an essential factor influencing the future performance of partnerships (Wu et al., 2009).

Improving partner selection plays an important role in future success of partnerships. Developing a better understanding of the partner selection can improve the performance of a partnership (Bierly III & Gallagher, 2007). The use of selection criteria has a positive influence on successful strategic international sales partner selection. Research has shown that there is an almost unlimited list of partnership selection criteria (Duisters, Duysters, & De Man, 2011; Varis et al., 2005). It is possible to group selection criteria by distinguishing categories (Geringer, 1991). This categorization of criteria is positively related to the success of co-operation between partners (Al-Khalifa & Peterson, 1999) as it accompanies the selection process. The selection of a strategic partner concerns critical decisions which consume limited resources as money and time (Hitt, Tyler, Hardee, & Park, 1995). As evaluating partnership qualities is problematic and information is scarce and costly the selection at the gate is even more vital (Li & Rowley, 2002). Which makes the partner selection an important step towards partnerships success (Dacin et al., 1997) and subsequently, having suitable partnership selection criteria is crucial for future and long-term partnership success (Dacin et al., 1997).

The current literature about strategic international sales partner selection is mainly done at multinational companies. Only a limited amount of studies focus on small and medium sized companies (*The new SME definition*, n.d.) (Wu et al., 2009). Whilst research about sales partners selection within small and medium sized companies seems needed (Varis et al., 2005), resources in SMEs are typically limited and as part of a

trend small and medium sized firms have an international focus then before. Despite prior research, scholars have done limited investigation on how small and medium sized companies select new sales partner (Doherty, 2009; Das & He, 2006), although international sales partners are crucial for SME's growth. This gap in research exists partly because criteria are industry specific (Kahraman, Cebeci, & Ulukan, 2003) and therefore not always generalizable. Hence, research ranked the relevant criteria for either specific types of partnerships or partnerships in general (Al-Khalifa & Peterson, 1999).

The main problem in this master thesis is to reveal these strategic international sales partner selection criteria for small and medium sized companies. The research is done at a case company representing strategic international sales partner selection for technological driven SME's. The thesis aims to give a more specific and relevant answer in a managerial context to the question, which partner selection criteria lead to an optimized decision in the partner selection process of the focal firm that meets the company's goals? This leads to the following research aim:

Research aim: sequencing of the strategic international sales partner selection process.

The strategic international sales partner selection process can be sequenced and optimized in different ways. The selection criteria that are used in the selection process of the focal firm should be clear. When a strategic international sales partner meets the firm's strategic goals, the selection process is relatively optimized. This thesis is based on explorative research within the focal firm Accsys Technologies PLC. Where company goals are based on a distribution agreement between the partner and the focal firm. This agreement is the formal step in a partner selection process. Furthermore long term partnerships should exist instead of project based cooperation, this leads to the following two research questions:

Research question 1) Which categories of selection criteria are used in strategic partnership selections?

Research question 2) How are the selection criteria sequenced in a partner selection process?

The research is done within Accsys Technologies PLC. As young medium sized enterprise (SME), the firm produces radically innovative wood. Accsys Technologies PLC can be defined as a technological born global. The company is rapidly growing a worldwide sales network by seeking partnerships in foreign markets (appendix). The ability to form strategic partnerships in foreign markets is currently the primary – if not the only - growth factor of the technological company. It is the main driver of the turnover of Accsys Technologies PLC. The partners of the company **supply** the local knowledge, drive sales and guarantee future existence of the focal company.

2 THEORY – STRATEGIC INTERNATIONAL SALES PARTNER SELECTION

Internationalization of SMEs has grown caused by some driving forces in the past decades. First, new technology led towards economically feasible production processes of smaller firms, this specialization and customization made niche markets possible. The transportation of people and products became cheaper and reliable, cost barriers for internationalization for SMEs became lower. The same goes for commutation, which is cheaper and faster than ever before (Madsen & Servais, 1997).

This theoretical chapter describes the current literature on strategic international sales partnership selection criteria and the process of partner selection criteria. By starting with mentioning the important definitions, this chapter works towards outlining relevant groups of partnership selection criteria. First the partner selection is explained followed by the criteria that could lead to the selection of a partner. After the criteria have been discussed, the different methods of categorizing criteria are mentioned. The categorization of criteria leads to an overview of relevant categories from literature. The relative duration of a category from scan to answer is seen as the selection process. This chapter will be concluded with a partnership selection model where criteria, categories and process is made graphic.

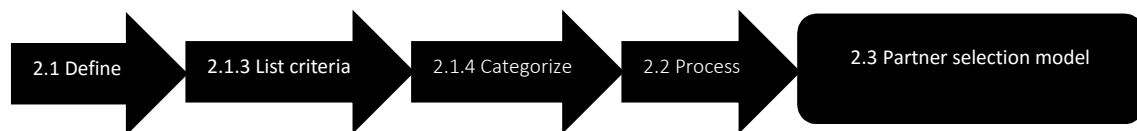


Figure 1: Strategic partner selection

Figure 2: Strategic partner selection

In this part, the most common used criteria in partnership selection will be identified in order to answer the first sub question “Which categories of selection criteria are used in strategic partnership selections?” As seen in literature, scholars are grouping criteria to create order in the various criteria. These created sets of selection criteria result in categorized criteria. These categories contain selected criteria with similarities. This part will start with explaining the use of definitions. Next, the groups of criteria will be mentioned and the part will be concluded with a criteria model of relevant strategic groups of criteria.

2.1.1 Strategic partnerships

“Partnerships are defined as purposive relationships between independent firms who share compatible goals, strive for mutual benefit, and acknowledge a high level of mutual interdependence. The formation of these partnerships is motivated primarily to gain competitive advantage in the marketplace” (Bleeke & Ernst, 1990; Wu et al., 2009). The *strategic* partnership can be defined as “partnerships of two or more corporations or business units that work together to achieve strategically significant objectives that are mutually beneficial”(Wu et al., 2009 p.4646). The definition used by Wu et al. (2009) is used in this research. Literature about strategic partnership was found in research about alliances, franchisers, distributors, middlemen and intermediaries. In other studies, the concept of International Joint Ventures (IJV) were subject to the partner selection criteria debate, “ventures which do not involve the creation of new firms, but are formal long-term agreement between partners to cooperate in some way” (Glaister & Buckley, 1997, p. 205). The characteristics of partnerships overlap and are not mutually exclusive: e.g. a partner can be called a distributor, dealer or middlemen. The long term, stable and mutual interdependence properties determine the importance of a strategic partnership (Elmuti & Kathawala, 2001) How these strategic international sales partnerships arise is part of the next paragraph. In the next part the definition of partner selection will be explained.

2.1.2 *Partner selection*

Dedicated partner selection is of strategic importance as stated by Dacin et al. (1997). As described by Kahraman et al. (2003), partner selection is doing a comparison of partners by using a common set of partner selection criteria. In general it is recognized that the use of selection criteria can increase partnership selection success (Kahraman et al., 2003).

Partner selection covers all disciplines of a firm, i.e. financing, marketing, manufacturing, technology, products, goals, commitment size, culture management and past ties (Das & He, 2006). Due to competitive pressure, there is limited time to adequately cover all disciplines of both partners (Bierly III & Gallagher, 2007). This pressure often results in less carefully considered partnership selection. This is why the criteria of a selection procedure should match the level of effort that the company is able to and willing to take. This time pressure and resource allocation are one of the reasons of the high chance of failure in international partnerships. As found in a research among managers, a significant group would have chosen a different partner when considered the selection process as a strategic part of the decision process (Cummings & Holmberg, 2012).

Studies have shown that the selection criteria are partly industry specific (Kahraman et al., 2003). When using partnership selection criteria it is useful to apply a set of criteria to the corporate cultures of the potential partners case by case. The balance between generalizability of the selection process and the company specific selection criteria is difficult (Al-Khalifa & Peterson, 1999). Literature shows models to select strategic international sales partners. A consistent and generic model built around the partnership process, incorporating diverse approaches, is required (Büyükoçkan & Arsenyan, 2012).

The partner selection criteria will be explained in further detail in this literature chapter. We will elaborate on the development of strategic partner selection criteria and the different schools of grouping selection criteria. Since a part of the selection process listing and recognizing criteria is the next step in literature.

2.1.3 *Grouping partner selection criteria*

As seen in the previous part, partner selection is an important step to strategic successful partnerships. Therefore the criteria leading towards partnering should be clear in an early stage. Grouping selection criteria gives a common approach before a partner is selected. To select the relevant criteria for a specific company, the various criteria should be listed first. Listing the relevant criteria is a considerable task. Partner selection *criteria* are widely ranged and can be various and countless (Al-Khalifa & Peterson, 1999; Cummings & Holmberg, 2012; Geringer, 1991). In order to bring down the number of criteria, it is possible to distinguish categories (Das & He, 2006; Geringer, 1991). Groups of criteria help to focus on criteria. Several scholars developed models to group criteria. Along the academic path researchers kept searching for a model that explained the complexity of partner selection. This development of the selection criteria and the grouping of criteria is shown in the following part.

Previous research on partner selection started in the early fifties of the 20th century. The first steps towards an academic approach in strategic partnership selection can be found in the 1950s where Brendel (1951) searched for a structured way to find and choose strategic partners. He constructed a list of 20 questions to select a partner. Pegram (1965) made a number of categories of which strategic partnership selection could be built upon. These first criteria included: financial condition, sales strength, product line, reputation, market coverage, sales performance, management succession, management ability, attitude,

and size of channel members. After Brendel (1951) and Pegram (1965), scholars were searching for a way to screen and select a partner.

The selection of a partner as a separate decision from the whole partner selection process was the next step in partnership selection. The research of Tomlinson (1970) captures six categories of which 'favorable past association' is the most important. Further categories were facilities, resources, partner status, and forced choice. These were all criteria which were of equal importance to the respondents. Although generalizability was limited, Tomlinson (1970) made a fundamental change in the thinking of the importance of partner selection criteria.

Motivations to select a partner was the second stage in the search of optimizing partnership selection. This research was focused on the motivations of the partners to form a partnership rather than the selection criteria. With categories of factors called complementary skills, cooperative cultures, compatible goals and commensurate levels of risk (Brouthers et al., 1995).

Scholars kept fine-tuning the criteria that should be used to select the appropriate partner. The distinction between partner and task criteria is commonly used in considerably amount of empirical studies and academic papers (Cummings & Holmberg, 2012; Geringer, 1991). Grouping was done based on national culture, past experience, size and structure (Geringer, 1991). The typology was based on two main groups of criteria: task-related and partner-related selection criteria. Partner selection determines a mix of skills, knowledge and resources. Yet the partner selection criteria also involves operational policies and procedures, the vulnerability to indigenous conditions, structures and institutional changes. Building upon previous research, Geringer (1991) composed a list of 15 key questions for international joint ventures; the article of Geringer (1991) is of great importance in current partnership criteria research.

Table 1: Geringer - Brouthers compared

	Long term	Short term	<i>Risk & learning</i>
Geringer (1991)	Partner related	Task related	<i>Not included</i>
Brouthers (1995)	Culture & Goals	Skills	Risk

Further research on partner selection was done after the task-related and partner-related selection criteria. Further research gave empirical evidence to the assumption that the partnership selection should be optimized. In retrospective, the studies on task- and partner related and complementary skills, cultures, goals and risk are a starting point for further research.

Relative importance per criterion is introduced later. The study aims to find the right criteria in order to improve the partnership success. Relative importance per criterion was based on 15 partner-related selection criteria and nine task-related criteria. The study of Dacin et. al. (1997) gives five criteria to select the best partner. Dacin et al. (1997) emphasizes also on the importance of partnership selection criteria.

Empirical support regarding the contention that partner selection criteria are an important topic was given also in the paper of Glaister & Buckley (1997). It is necessary to identify the specific task-related skills and resources that are needed from a partner: the selection based on the right characteristics of the partners needs to be recognized (Glaister & Buckley, 1997). Tatoglu (2000) is searching for the way to identify a range of partner selection criteria in a joint venture partnership. Moreover, in an examining study of the partners- and task related criteria are weighted in an UK sample of partnerships.

Another approach uses the concepts of attributes of partners in order to create fit between the partners. Arguing that a successful partnership would in most cases be one with a 'best-fit' and highest

relevant outcome of weighted criteria (Cummings & Holmberg, 2012; Luo, 1997). New groups of criteria are introduced: from an expectations starting point, resulting in a partnering fit (Wu et al., 2009). Select criteria on partner selection in the context of an entrepreneurial firm choosing an established partner was yet another paper on strategic partnership selection (Das & He, 2006). In a franchise study on selection criteria ‘details on the business partner’ or partner identification was a highly important step in the decision-making guidelines (Altinay, 2006). The strategic context of the partners, different country market, and the nature of the business itself was seen as important context in partnership selection. The framework based upon opportunistic and strategic behavior is a recent study on how to structure selection criteria (Doherty, 2009).

Another approach show that selection criteria differ per partnering process. Showing the importance of managerial contribution (Shah & Swaminathan, 2008), the concept of partnering fit between partners is used to explain partner selection (Bierly & Gallagher, 2007). The concept of seeking a fit between partner is also used in the study of Cummings & Holmberg (2012). By building upon the first categorizing research of Geringer (1991), the authors add two groups of criteria into a conceptual model. The learning-related and the risk-related criteria are seen as specific critical success factors. Later in this research we will elaborate on the learning and risk-related fit. Before we start to focus on grouping the selection criteria in the next part, this part will be concluded with an overview of partner selection criteria research.

Grouping and categorizing partner selection criteria is the next step after an overview of partner selection research which is shown above. Several ways grouping of partner selection criteria were introduced shortly. These broadly accepted criteria categorized in task-, partner-, learning-, and risk related criteria will be explained further in this part (Cummings & Holmberg, 2012; Geringer, 1991). Papers of other scholars interpret and define different groups of criteria. In many ways one could argue that these groups of criteria form an overlap and could be subject to a meta study on partner selection criteria. In this part we will describe and compare the partnership selection studies. This makes a step in aligning the several studies to one useful model. In the following figure the two groups of partner selection criteria are shown. The operational and cultural criteria in this figure form the early partner selection model which will be used as starting point in this part.

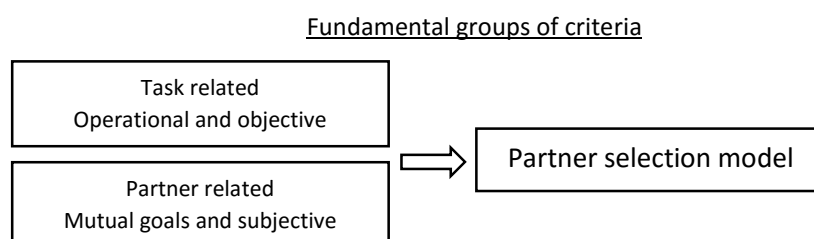


Figure 4: Traditional partner selection criteria – the school of Geringer (1991)

Task- and partner-related criteria as described by Geringer (1991) is the twofold of typology of selection criteria. **Partner-related criteria** need to arise at both partners i.e. common culture. **Task-related criteria** are the criteria that are related with the operational skills and resources that the focal firm requires for its competitive success.

The resource based view as approach to partner selection was introduced later. Equity and non-equity is the resource based view way of looking to partner selection. It is based on equity and non-equity criteria groups. Equity as cash, land, buildings and plant form a first group were selection criteria can arise. The non-equity as technology, management expertise, local knowledge, raw material, product distribution and marketing channels, global service support form a second group (Yan & Gray, 1994). This approach of partnership selection has a focus on the needs of the focal firm. It narrows down to a rather straight forward approach 'does the potential partner has the resources that we need'. This approach neglects the mutual aspects of partnership selection in a way.

Strategic, organizational and financial fit as an approach to partnership success is a way of finding fit between partners. Another approach can be found in the study of Luo (1997). Starting from partner's ability to attribute to the partnership which results in a fit between them. The partner selection could also be divided into selection criteria categories based on the concept of attributes. When the attribute matches the partner's needs, the authors speak of a fit. This fit can be met by criteria that are 'the same at both partners' (i.e. culture, trust, commitment) but also a fit as contribution to the focal firm's needs (i.e. resources as customer pool, financial resources, distribution channels). These attributes are divided into operational or task-related attributes, cooperation or partner-related attributes and cash flow related attributes (Luo, 1997). Ultimately by using the right partnership selection criteria these three-fold classification scheme leads to strategic, organizational and financial fit between the partners (Luo, 1997). It shows high relatedness to the broader used and accepted classification of Geringer (1991) except for the fact that the latter categorizes the financial fit among task-related criteria.

The partner selection criteria to select an established firm for entrepreneurial firms are shown in a research by Das & He (2006). This Geringer (1991) based approach in the field of partners selection criteria is the research of Das & He (2006). The authors aim to guide an entrepreneurial firm through the partner selection of choosing an established firms. The developed approach of Das & He (2006) is based on five key guidelines that could be used to bridge the gap between literature about entrepreneurial firms and the selection theory. These authors use task and partner related criteria but introduce their own list of 21 categories. Commitment, Cost, Culture, Finance, Goals, Government, Industry, Internationalization, Learning, Location, Management, Manufacturing, Market, Past ties, Product, Reciprocity, Reputation, Risk, Size, and Technology form this list. The study finish the list with "Other" as a multi-area criterion that refers to complementary capabilities, resources, and strengths in cooperative activities. The authors recognize the dominant framework of Geringer (1991) and deliberately choose for a long list of criteria. This approach gives SMEs a framework to choose a corporate partner. Increasing the number of criteria does not necessarily give more guidance in the partnership selection process.

Weighted criteria for partner selection as approach to find the best partner was introduced by Wu et al. in 2009. The authors describe not only new groups of criteria they also introduce a relative weight to every criterion based on the relative importance according to answers of top management interviews. Expert panels with managers gave priorities to criteria. Based on top level management weights, Wu et al. (2009) developed five criteria to determine how to select partners. These five groups of criteria are based upon broad literature study in the field of partner selection. The groups of criteria are:

Characteristics of the partner, which are divided into sub-criteria as e.g. unique competencies, compatible management styles and compatible strategic objectives (Wu et al., 2009). As part of the compatible management styles, the complementary skills make an important contribution to the success of a strategic partnership, each of the partners should have characteristics that contribute to the goals of the partnership (Brouthers et al., 1995; Luo, 1997).

Marketing knowledge capabilities is the next and second group are the marketing knowledge capabilities. This is subdivided into increases market share, better export opportunities, and knowledge of local business practices. (Hitt, Dacin, Levitas, Arregle, & Borza, 2000; Wu et al., 2009)

Intangible assets (Dacin et al., 1997): Third are the intangible assets consisting of trademarks, patents, licenses but also reputation, previous alliance experiences and technically skilled employees among partners (Chen & Tseng, 2005).

Complimentary capabilities is the criterion fourth describing sub-criteria as partners owned managerial capabilities, wider market coverage, diverse customer, the quality of distribution system to those of the strategic partners (Wu et al., 2009).

Degree of fitness as described by Wu et al. (2009) is a group of criteria that measures the status of the partner. This category contains compatible organization cultures, willingness to share expertise, equivalent of control, and willingness to be flexible of partners compatible with that of strategic partners. This willingness to share can also be found in the study of Ulas (2005) where the criterion "willingness about transferring knowledge and capabilities" is rated as third most important among top management respondents. By introducing the weighted criterion to the selection process, the selection of a partner can be customized better to a specific selection process.

Opportunistic partnership selection is a way of partner selection developed by Doherty (2009). The opportunistic partner selection is based little or even just one criterion such as financial capabilities. In most favorable cases the criteria are based on financial ability, terms and condition and a business plan. The opportunistic selection approach is based on the 'ad hoc' principle. An opportunistic approach could be expected from both partners perspectives, and it reflects a relatively quick decision-making process with limited research taken (Altinay, Brookes, & Aktas, 2013). The criteria used by Doherty (2009) are a mix of task-related and partner-related criteria. The opportunistic partnership selection gives limited pressure on resources of the focal firm, consequently the factor time plays a less restrictive role. In return, the changes of success based on an opportunistic partnership selection process are relatively low. The strategic approach is based on criteria as financial stability, business know-how, local market knowledge, shared understanding of the brand, and strategic direction of the business. These six criteria are most important according to her research when a partnership selection is made.

Critical success factors (Cummings & Holmberg, 2012), *as analytical partner selection tool, introduce learning and risk-criteria to the selection process.* More recent academic work was done by Cummings & Holmberg (2012). Cummings & Holmberg (2012) group the partner selection criteria as Critical Success Factors (CSFs). The authors group the partner selection criteria in search of an analytical partner selection tool. By defining critical success factors (CSFs) the authors are using four groups of criteria. Founded on the research of the partnership selection study of Geringer (1991), the scholars introduce two additional groups of selection criteria. The learning-related selection criteria indicate and enhance learning outcomes between partners. Risk-related partner selection criteria reveal the interdependency of partnerships. These two additional groups form a complementary way of grouping the selection criteria.

Table 2: Overview on partner selection research

Author	Short description
Early research	
Brendel (1951)	Finding dealers for industry 20 questions
Pegram (1965)	First to start with categorization in finding dealers
Tomlinson (1970)	Identified partner selection as a separate step
Next step	
Geringer (1991)	Partner & Task related – skills, knowledge, resources
Brouthers (1995)	Skills, culture, goals and risk
Following studies	
Yan & Gray (1994)	Resource based view. Equity vs. Non-equity criteria
Dacin (1997)	Geringer based study with focus on partnership success
Luo (1997)	Partnering fit - strategic, organizational and financial fit
Glaister (1997)	Geringer based study on importance of selection
Tatoglu (2000)	Geringer based adding relative importance to criteria
Das & He (2006)	Selection list for entrepreneurial firms
Altinay (2006)	Geringer based study adding importance of country / market
Bierly (2007)	Partner selection research based on partnering fit
Shah (2008)	Project based partner selection criteria
Wu (2009)	Focus on partners expectations
Doherty (2009)	Geringer based study on opportunistic and strategic selection
Cummings (2012)	Focus on partnering fit with critical success factors (CSF)

Based on the partnership selection research, the following part of the thesis will explain the partner selection criteria more in depth. As the criteria to select a partner are numerous in nature, the criteria that are used are grouped by in categories in the previous paragraph (Brouthers et al., 1995; Cummings & Holmberg, 2012; Das & He, 2006; Doherty, 2009; Geringer, 1991a; Luo, 1997; Lu, 1998; Wu et al., 2009; Yan & Gray, 1994). The grouping used in this further literature research is based on the study of Geringer (1991) and Cummings & Holmberg (2012). In the next part we will elaborate on the partner selection criteria categories as showed in figure 3.

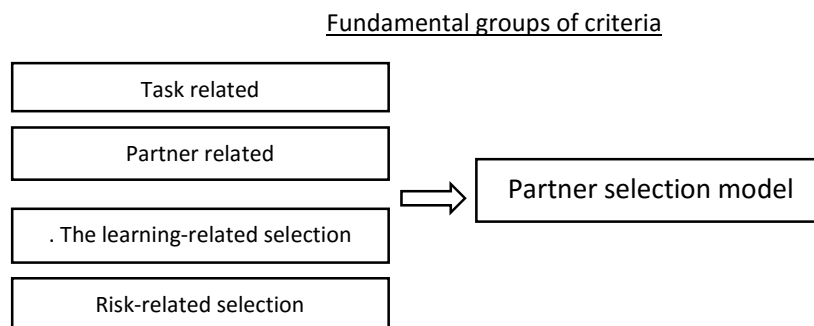


Figure 6: Extended partner selection criteria - Geringer (1991) - Cummings (2012)

2.1.4 Partner selection criteria categories

In the previous part several studies on partnership selection were described. In the following part, the categories and the underlying determinants are described. In this part the Also the relationship between the study of Geringer (1991) and the following studies was explained. The relevance of two new categories introduced by Cummings & Holmberg (2012) was shown. The categories made by Geringer (1991) were the foundation of studies of various other scholars. The model of Geringer (1991) is applicable in various branches as is generalizable. The model gives context to the focal firm at the same time. In this part the various set of selection criteria are explained, giving it the context in the research of several other scholars. It shows that names and ways of categorizing vary but similarities are common. The research was the first that pointed the importance of clear determinants or criteria. **Task-related criteria and strategic partner selection**

The task-related criteria are associated with the **operational skills and resources which are needed for competitive success**. The first group of criteria as described by Geringer (1991) in his quest for strategic determinants of partner selection is task-related. The scholar stated that clear determinants needed to be formulated in order to increase partnership performance. The sets of criteria that were formulated, focused on the fit between partners. The strategic orientation meant by the authors is important as it helps in matching the foreign partner consistency in terms of strategic goals (Parkhe, 1991). In the field of franchisees selection criteria, the partner criteria of Geringer (1991) are also commonly applied, finding the task-related criteria defined as traditional criteria, i.e. the operational skills and resources of the partner. Task-related criteria are those that reveal the current fit and value of the partner (Altinay et al., 2013). Literature shows that the nationality of the foreign partner as such does not change the important nor the type of selection criteria. This could mean that the task-related selection criteria can be applied to partners with a different cultural background (Glaister & Buckley, 1997). Access to the local market, culture, and distribution channels are the most important task-related criteria according to Altinay et al. (2013). Task-related criteria are relatively objectively measurable. As shown in the table above, six different determinants are described. The different task-related determinants will be described in this part.

Task-related criteria
(1) Knowledge of local market
(2) Access to links with mayor buyers
(3) Access to knowledge of local culture
(4) Access to distribution channels
(5) Access to IP / regulatory permits
(6) Access to financial resources

Table 3: Task-related criteria

Knowledge of the local market (1) (Geringer, 1991) is an important task-related criterion according to the research of Tatoglu (2000). The research describes a list of 15 criteria which are based on prior research in the field of partnership selection criteria (Doherty, 2009; Ulas, 2005). Knowledge of the local market as a mayor criterion is also recognized in the study among 53 joint ventures, understanding and penetration of the market were seen as the biggest concern in the partnering selection criteria (Glaister & Buckley, 1997).

Access to links with major buyers (2) (Geringer, 1991) relates to the knowledge of the local market. This criterion is easy to measure when the focal firm already has knowledge of the local market. The link with clients is made via the local partner. This criterion was found as the second most relevant criterion in Geringer's research (1991). It is, according to the authors, consistent with the motivations of international partnerships that these task-related criteria are seen as most urgent. In international partnerships sales is a motivator to internationalize where this link to buyers plays a crucial role.

Access to knowledge of local culture (3) is the third and almost evenly important criterion (Geringer, 1991). The selection criteria suggest that the access to the local market can be reached more effectively via local partnerships. In this context it was found that the access to knowledge of local culture was of higher importance when the local culture is less connected to the partner's culture (Glaister & Buckley, 1997). Cultural differences are important as they reveal the odds of organizational differences in values and strategic directions. The more different a local culture is from the partner's culture the more likely the chance of dissimilarity is in a partnership (Altinay, 2006).

Access to distribution channels (4) (Geringer, 1991) is the fourth task-related variable. It generates opening to the new market via the cooperation with a partner. This is found to be important by Tatoglu (2000), and in Glaister & Buckley's research (1997) the criteria were relatively high related in the context of UK international joint ventures: top management rated this operational feature as a highly important selection criterion. This criterion forms a practical task-related criterion where the focal firm benefits from the infrastructure of the local partner (Glaister & Buckley, 1997). As described by Das & He (2006), it is part of the knowledge of the market, distribution, and the ability to rapidly enter the market (Al-Khalifa & Peterson, 1999; Geringer, 1991; Glaister & Buckley, 1997; Luo, 1997; Tatoglu, 2000).

Local brand names, access to labor and regulatory permits (5) (Geringer, 1991) were experienced as least important in the research setting of Glaister & Buckley (1997). An explanation could be the focus on equity joint ventures instead of non-equity contract based partnerships in their study. On the contrary, the longer the cultural and political distance, the more important the regulatory permits were rated by top management (Glaister & Buckley, 1997). In earlier research we see the ability to negotiate with the government as one of the mentioned motivations in partnership selection (Al-Khalifa & Peterson, 1999).

Access to financial resources (6) is in early research on partnership selection criteria already recognized. The study of Tomlinson (1977) under forty Canadian firms showed the financial status as significant trait. In addition, the financial criteria as part of the later defined task-related criteria are relatively quick and easy to measure (Al-Khalifa & Peterson, 1999; Luo, 1997). As a strength of a partner is cash; it's the first criterion to weigh according to Ulas (2005). Financial stability is used as important criterion in the partner selection (Doherty, 2009).

Wu et al (2009) described financial criteria as the degree of fitness, which could be translated to the categories of Geringer (1991) who names these criteria access to financial resources. Other research based on less synergized partnership suggests that the management of partners for functional products must focus on cost and quality issues, whereas for unique innovative products, the emphasis is on speed and flexibility (Harland, Lamming, Zheng, & Johnsen, 2001).

Financial criteria in franchise partnerships are fundamental to the partnership. The measurement for partnership criteria heavily rely on financial criteria, as risk is measured in money (Altinay, 2006). Earlier, the author states that the higher the amount of resources a partner contributes to the partnership, the greater the chances of being selected as a partner (Altinay, 2006).

Cash flow related attributes (Luo, 1997) are also grouped among financial criteria. According to the authors, the financial criteria should at least measure profitability, liquidity, leverage and asset efficiency of the partner. Proper execution leads to a financial fit between the partners in the partnership (Luo, 1997). To be comprehensive one could state that the less sophisticated the selection criteria between partners evolve the higher the usage of task-related and financial criteria (Al-Khalifa & Peterson, 1999; Altinay, 2006). Partners with excellent resources and the potential for a mutually beneficial relationship are significant predictors of positive results (Chen & Tseng, 2005).

In conclusion, the task-related criteria give a good objective overview of a potential partner but they do not yet reveal the potential partners intentions. The next and second set of criteria are the organizational oriented determinants or partner-related criteria.

2.1.4.1 Partner-related criteria and organizational partner selection

In the previous part we explained the task-related criteria. These criteria gave answer to the question: Is a partner able to do certain tasks? This part is about the characteristic of the partner and the fit between the partners. It are the mutual aspects between two partners, adding value during partner selection on an organizational level. Partner-related criteria are described as shared variables (Das & He, 2006). They are “the variables which are related to the character, culture and history of the partners” (Glaister & Buckley, 1997), these authors also underline that partner-related criteria become relevant if the

<i>Partner-related criteria</i>
(1) Favorable past association
(2) Compatibility of management teams
(3) Partner reputation
(4) Complementary goals and aspirations
(5) Relatedness of partners business
(6) Trust
(7) Commitment
(8) Expectation and communication

Table 4: Partner-related criteria

partnership involves presence of multiple partners. These criteria are associated with the efficiency and effectiveness of partners’ cooperation. Partner-related criteria could also be described as the intangible traits of the partner, like reliability, commitment, culture and experience (Altinay, 2006). These cooperation criteria form a group of criteria that aim to reveal and create organizational fit (Luo, 1997). According to managers partner-related criteria form the core of a partnership (Cummings & Holmberg, 2012) and consequently take longer to develop. Tatoglu's (2000) Geringer based research shows that trust between top management teams and reputation of the partner were the most important partner related variables.

Favorable past association (1) occurs when the partner already had past ties and cooperation with the focal firm. It was first described in the research of Tomlinson (1970). In his study he names six categories of which ‘favorable past association’ is the most important. Other scholars find this criterion of less importance in partnership selection, as we see in later studies (Geringer, 1991a; Glaister & Buckley, 1997). These authors rank the degree of favorable past association between partners as of significant below average importance. The reason for the low importance can be that the pool of potential partners is likely to contain better potential partners, past ties does not mean relevant ties and past ties can be limited at born global firms (Glaister & Buckley, 1997).

Compatibility of top management teams (2) (Geringer, 1991) or **compatibility in business** (Al-Khalifa & Peterson, 1999) is an important selection criterion. Higher compatibility increases the chances of a successful partnerships. Similarity of management philosophies is an significant selection criterion as stated by Elmuti & Kathawala (2001). The idea is that the management team of the partners should match the management ideas and philosophies. The more similar the management teams of the potential partner are to the management of the focal firm, the higher the chance of success of the partnership (Elmuti & Kathawala, 2001). Not only is the compatibility of top management mentioned, it is also found that the education and the experience of the CEO of the partners could be of positive effect on the usefulness of partner-related criteria. One could state that the higher the sophistication of the top management and CEO, the greater the emphasis on partner-related selection criteria (Al-Khalifa & Peterson, 1999).

Reputation of the partner (3) gives a positive effect to performance of a new partner. A good reputation means a higher chance on a successful partnership (Glaister & Buckley, 1997; Tatoglu, 2000). The reputation of the partner is related to the critical factors in partnership selection criteria. A more recent study also shows findings that besides top management also cross-disciplinary teams should add their selection criteria to the partnership selection criteria, resulting in a broader understanding between the partners (Altinay, 2006). In the study of Al-Khalifa & Peterson (1999), several major identifying questions are used to reveal the local reputation and contacts.

Complementary goals and aspirations (4) is the fourth group in the selection of a strategic partner. It is broadly used as selection criterion in literature (Ulas, 2005; Al-Khalifa & Peterson, 1999; Salavrakos & Stewart, 2006). Partnerships are more likely to succeed when goals and missions are complementary to the partners' (Glaister & Buckley, 1997). To achieve the goals, a formulation of administrative controls is seen as an important criterion to import a common norm, which shapes the ability to build upon a common understanding of partners' goals (Cummings & Holmberg, 2012). These goals in the partnership selection criteria can also be the 'intention to act with speed'. As time is often a limited factor, both partners should explicitly agree on the time frame of the selection period (Das & He, 2006), even if some uncertainty remains.

Relatedness of partners business (5) is a selection criterion which is not easy to measure. It is the relatedness to the business of a strategic partner; there must be a certain mutual business or feeling of relatedness among management. In a different partnering study it is stated as "clearly defined and shared goals and objectives" (Elmuti & Kathawala, 2001) or as described by Tomlinson as similar objectives (Al-Khalifa & Peterson, 1999). This criterion can help to leverage the existing capabilities of the focal firm by using complementary skills and business (Nielsen, 2002).

Trust (6) between the partners is important as found by many authors (Altinay et al., 2013; Dacin et al., 1997; Doherty, 2009; Geringer, 1991; Glaister & Buckley, 1997). Described as second most important criterion by Geringer (1991) who defines trust as reason for compatibility of top management teams. The concept of mutual trust is described by Doherty (2009) as chemistry. This chemistry can be seen as an indication of the potential longevity of the partnership relationship. The criterion of trust is important, irrespective of the combination of other criteria used, trust was found as important foreign partner selection criteria (Ulas, 2005) and in the study among UK international JV of Glaister & Buckley (1997) we see trust between the top management teams as the most important partner selection criterion. Trust among organizational members is important according to Altinays (2006) findings.

Commitment (7) is the seventh and a widespread used partnership selection criterion. The senior management commitment is described as a key factor in the success of a strategic partnership (Elmuti & Kathawala, 2001). Commitment is based on several factors: if a partner scales a product as inferior it is almost impossible to gain commitment, as commitment to the product is essential (Goodman & Dion, 2001). Traditionally, product exclusivity created commitment and without this strategy the underlying commitment becomes important (Anderson & Gatignon, 1986). This emphasizes the importance to understand the process of partnership commitment. Trust is an important factor for commitment (Goodman & Dion, 2001), these variables go hand in hand and indicate that selection criteria of the partner depend on an active position of the partner (Altinay, 2006). To conclude: the partner selection based on commitment results in a better performing partner. In order to create commitment, the focal firm should cherish salability; i.e. the focal firm makes sure that the product is ready to market and the partnering firm

is able to sell. Commitment increases with doing idiosyncratic investment, which makes partners dependent (Altinay et al., 2013; Goodman & Dion, 2001).

Expectation and communication (8) allows the optimization of partnership selection. Criteria to select a partner start with understanding each other’s needs (Dacin et al., 1997). To find out what the partner’s needs are, the focal firm needs to focus on the characteristics of the partner: a central role is both partners expectations (Ulas, 2005). “Understanding partner expectations can ease both the structuring and functioning of the alliance”. Out of fourteen characteristics the five most important criteria to create fit were selected for both of the partners’ managements. The criteria also depend on cultural background. To overcome expectation discrepancies “partners should engage in a prenuptial arrangement.” Identifying the right partner is, according to the scholars, just a first step. Expectation fit grows along with the evolvement of trust.

The transmission of expectations in an early stage in the partnership selection could also be seen as communications. Both partners’ members will drive the partnership (Altinay, 2006). The transmission of knowledge and communication during the selection criteria process should not just be communicated via management. A good determinant of a successful partnership lies in the willingness to form dedicated teams from the several disciplines of the partners (Das & He, 2006). The partner-related criteria are described in this part. The relation from expectations and communication towards learning is made in the following part.

2.1.4.2 Learning-related criteria

Earlier in this thesis we described the Geringer (1991) based task- and partner related criteria to select a partner. In this part we will elaborate on the criteria described by Cummings & Holmberg (2012). Based on Critical success factors the learning-related and risk-related criteria categories were introduced. The risk-related and learning-related criteria are relatively new to the academic grouping of selection criteria. The newness lies in emphasizing on learning and risk. The focal firm is selecting a partner based on a learning-related set of criteria: does the partner add potential knowledge and is it able to transfer this knowledge to the focal firm (Cummings & Holmberg, 2012). Task- and partner related criteria give the suggestion of opportunities. Having appointed the importance of learning and risk related criteria, it is still a small area of research. Now the criteria will be described briefly.

<i>Learning-related criteria</i>
(1) Transfer of knowledge
(2) Leveraging the partner’s knowledge network

Table 5: Learning related criteria

Learning-related criteria play a shaping role in the unfolding partnership. As the transfer of knowledge is one of the important partner selection motivations, suitable criteria facilitate the identification of the learning-related selection criteria. When the focal firm has a high-knowledge product or services, the learning abilities become even more relevant. These learning related criteria apply to the knowledge transfer from the focal firm to the partner as much as from the partner to the focal firm. By focusing on learning-related criteria, both partners are forced to formulate learning-based goals.

Knowledge transfer (1) is the selection criterion based on both partners’ willingness to share valuable knowledge. This is then followed by the actual transfer of knowledge between partners. The criteria facilitate the accessibility of partners knowledge which increases the learning capabilities of the partnership (Cummings & Holmberg, 2012). The most important learning-related criteria are, according to the authors: locate the certain specific knowledge; obtain the needed knowledge in a timely and efficient manner;

improve strategic soothsaying, forecasting and research. Often these criteria are more relevant in a later stage of partnership, pre-partnership overcomes knowledge-embeddedness.

Leveraging the potential partner’s knowledge network (2) is the second learning related criterion. Knowledge is often embedded in the partners’ structure – if the focal firm is able to train employees in order to create a deeper knowledge base, the partnership will benefit from this. This learning-related selection criterion shows if a potential partner has the desired knowledge and the ability to learn additional knowledge from the focal firm.

2.1.4.3 Risk-related criteria

Risk-related criteria are introduced in research on partner selection criteria research by Cummings & Holmberg (2012). Risk-related criteria are a relatively new sub category in the groups of selection criteria. Risk considerations are often overshadowed by task- and partner selection criteria. The importance of risk-related criteria as a sub-group lies in the fact that this group creates a focus on partnership risks. As most studies tend to focus on partnership success, it is the risk factors that are often the true reason for strategic partnership failure (Elmuti & Kathawala, 2001). As risk-related criteria can also be found in the other groups of criteria, the four groups are not mutually exclusive. The risk criteria are sometimes seen as the commensurate level of risk where the assumption is that the company faces the highest levels of risk only based on financial investment. Introducing risk-related criteria forces the focal firm to consider the partner selection process from a risk point of view.

Risk-related criteria
(1) Performance risk
(2) Customer relation risk
(3) Quality risks

Table 6: Risk-related criteria

Performance risk (1) is the first group of risk-related criteria. Beyond the financial risk, which was elaborated on in the task-related set of criteria, there are more risk-related criteria. Performance risk in partnerships arise as a result of unclear or unrealistic performance goals (Brouthers et al., 1995; Cummings & Holmberg, 2012). Performance risk can also be a result of a lack of time. Performance risk can result in an underperforming partner. The risk arises when the bad performance of a partners reflects on the focal firm.

Customer relation risk (2) is yet another applicable issue where the partner could damage the customer relation as the partnership results in different end products. By using a local company as sales partner there is risk of losing the identity (Brouthers et al., 1995) sometimes referred to as salesperson-owned loyalty (Palmatier, Scheer, & Steenkamp, 2007).

Quality risks (3) arises when the quality controls, training and coaching from the focal firm are not applied to the partner. Other types of risk as described in literature are more competitive directed and therefore less relevant for innovative products.

2.1.5 Categorizing partner selection criteria: a matrix

In this chapter we described partner selection criteria. These criteria are used to select a partner out of different partners with a common set of criteria. These **categories of selection criteria are used in strategic partnership selections**. As seen in the previous part, the criteria are grouped differently by several authors. This is done by using the categorization used by Geringen (1991) and Cumming & Homberg (2012). Four common groups of criteria cover most of the partnership selection criteria. These groups are shows in the following table.

Table 7: Partnership selection criteria categories

Categorizing partner selection criteria

<i>Task-related criteria</i>	<i>Partner-related criteria</i>
Knowledge of local market	Favorable past association
Access to links with mayor buyers	Compatibility of management teams
Access to knowledge of local culture	Partner reputation
Access to distribution channels	Complementary goals and aspirations
Access to IP / regulatory permits	Relatedness of partners business
Access to financial resources	Trust
	Commitment
	Expectation and communication
<i>Learning-related criteria</i>	<i>Risk-related criteria</i>
Transfer of knowledge	Performance risk
Leveraging the partner's knowledge network	Customer relation risk
	Quality risks

The above matrix is generalizable to different partner selections within different companies and industries. The following step would be to take these criteria towards a process of a partner selection. Then a weighted importance of the different variables could be introduced, as in the process of a partner selection some criteria are more important than others. In the following part the transformation from a list of criteria to a selection process is made.

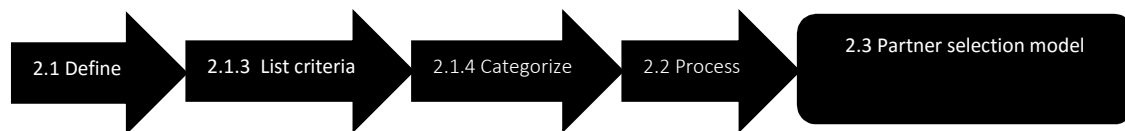


Figure 7: Strategic partner selection

2.2 The partner selection process

In the previous part, the partner selection was shown in a matrix and grouped to a common set of criteria. This part describes the partner selection criteria as a process. The time to select a partner is made visible in a process. The time to select a partner divers per partner selection and can be a result of weighted choices (Wu et al., 2009). In general, the resources are limited, and speeding up the selection process seems favorable. Partner selection research suggests that both partners benefit from embedding the partner selection process as a strategic management-supported process. The right partner selection process can increase the speed with which partnerships reach goals and become productive (Cummings & Holmberg, 2012).

The process of selecting a partner is an important step to a successful partnership (Chen & Tseng, 2005; Elmuti & Kathawala, 2001; Gale & Luo, 2004). Finding the right partner requires careful screening and can be time consuming (Dacin et al., 1997). In return, partnership selection research helps to reduce uncertainty (Luo, 1997). Furthermore, this partnership selection process is one of the most effective ways to reduce tension between partners (Altinay et al., 2013). In a longer time frame, the right selection shapes the opportunity for improving partner performance (Choy & Lee, 2002; Dacin et al., 1997). A formal and thorough procedure for partner selection has a clear impact on the success of finding a suitable partner (Moen et al., 2009). Research has pointed out the critical importance of partner selection to a successful partnership. Literature also shows a divers time spun among the criteria i.e. some criteria are clear after weeks were other criteria are never fully answered.

The criteria are usually weighted (Cummings & Holmberg, 2012), Criteria are related to the motif of the firm and these motifs diver per firm. The result can be objective and measured as the focal firm works with a common set of criteria during all partnership selection processes. The motif of the company is strongly related to expectation of the focal firm. As the motif and expectation changes due to internal or external force, the criteria can change. The motivations to start a partnership can differ markedly between the focal firm and the partner (Dong & Glaister, 2006). The study even suggests to examine the partners selection criteria in the selection process. This results in a dynamic process of relevant importance of selection criteria. The factor time and motif (e.g. strategic choices of the company) reforms criteria into a process of strategic partner selection criteria. The way the criteria are weighted depends on several aspects, and are a part in the complete strategic partner selection process. The success of a partnership is increased by setting clear goals and have achievable expectations (Dacin et al., 1997; Ulas, 2005).

Time to select a partner is also a factor in the selection process. The identification of potential partners follows a process whereby a large number of candidates are screened systematically according to the predetermined criteria (Geringer, 1991). Due to competitive pressure, there is limited time to cover all disciplines (Bierly III & Gallagher, 2007). This time pressure is a reason of failure in international partnerships (Cummings & Holmberg, 2012). From literature, we found that task-related attributes add value to the partner within limited time (Luo, 1997). The partner-related criteria were significantly more important in the selection of partners. The reasoning is that in the early stage of selection criteria, less measurable criteria are dominant (Al-Khalifa & Peterson, 1999).

The motif of the focal firm to select a partner is a factor in the selection process. In several studies the relative importance of the criteria were subject of research and scholars used this typology for further research (Das & He, 2006; Glaister & Buckley, 1997; Tatoglu, 2000). Research has shown that partner-related criteria are an important set of selection criteria for a long term and strategic relationship. Where task-related criteria form a fundamental role in the strategic synergy of the partners (Tatoglu, 2000), the motif to find partners has an influence on the importance of the selection criteria. In this research, reaching global sales is an important motivation. In the following part the relative importance of partner selection criteria is described further.

The importance of partner selection criteria changes during the selection process. The selection of a partner should be described as a process rather than a checklist of criteria. Instead of a checklist the partner selection process can be illustrated as a partner selection model. Finding the importance of different criteria and developing an appropriate partner selection model are important before a company forms a partnership (Wu et al., 2009). From a practical view, firms' cost-benefit considerations, a step-by-step process according to the heuristic principle 'from the general to the particular' could be used (Swoboda, Schwarz, & Hälsig, 2007). After finding the grouped criteria (Brouthers et al., 1995; Dacin et al., 2007; Geringer, 1991), the criteria were tested, criticized, and ranked in studies of Wu et al. (2009); Luo (1997); Emden, Calantone, & Droge, (2006); Altinay (2006); and Glaister & Buckley (1997). The next step is the creation of a weighted use of these criteria as part of a process.

The strategic partnership selection criteria are set by the focal firm i.e. the focal firm should prioritize the When the selected criteria meet the preliminary requirement of the focal firm, the second stage can be weighting these criteria. As the strategic partner selection process is based upon a structured route from selecting a market to selection a specific partnership (Doherty, 2009), this second stage should involve a cross-disciplinary team from marketing, development, operations, finance, legal and technical services (Altinay, 2006).

The process of selection is not just about a list of criteria, it is a multidimensional organizational activity which involves human dynamics (Altinay, 2006). This is emphasized by the study of knowledge-

embeddedness factors within partners which can be transferred by intensive cooperation between the partners (Cummings & Holmberg, 2012). In the study of Wu et al. (2009) an eight step path is proposed from decomposing the problem, via defining the criteria to a final overall decision making step. A comparable approach can be found in the study of Ghodsypour & O'Brien (1998) where the authors define a step by step process of using criteria for partnership selection. The first level deals with different criteria according to the partnership ambition or motif. The authors divide these levels of criteria from level one 'no integration' to level five 'being a business partnership' as desirable goal of cooperation. Within the process of partner selection, the awareness that criteria can be evaluated dynamically over time is important (Cummings & Holmberg, 2012). This dynamic partner selection evaluation demands more emphasis on the weighting different criteria during the time of partner selection (i.e. task-related criteria can be more important during the start of a selection process and other criteria become more important in a later stage of selection).

During the early stages of the partner selection process, the emphasis is on partner-related criteria: does management match and feel something for a partnership. This is the fundament on which task-related criteria can be built upon (Altinay, 2006). During the whole selection process, partner-related issues as trust and corporate culture will influence the process (Islam, Ali, & Sandhu, 2011). In the following part criteria, relative importance, time, motif, decision moments, and uncertainty are combined in the partner selection model. The learning related criteria form a relative new role in the selection of a partner and will be integrated in the model together with the risk related criteria.

2.3 The partner selection model

In the first part of this chapter, all different criteria to select a partner were described. The second part was about the process that evolves from applying the criteria to multiple potential partners in order to find a partner. In this part, the partner selection model is introduced. This model is a combination of the previous literature on partner selection criteria and the literature on partnership selection process models. Combining this literature gives an insight in the process of selecting a partner based on several weighted criteria. The model show the process of selecting the most suitable partner based on a common set of criteria applied to several potential partners. The model will be further explained below.

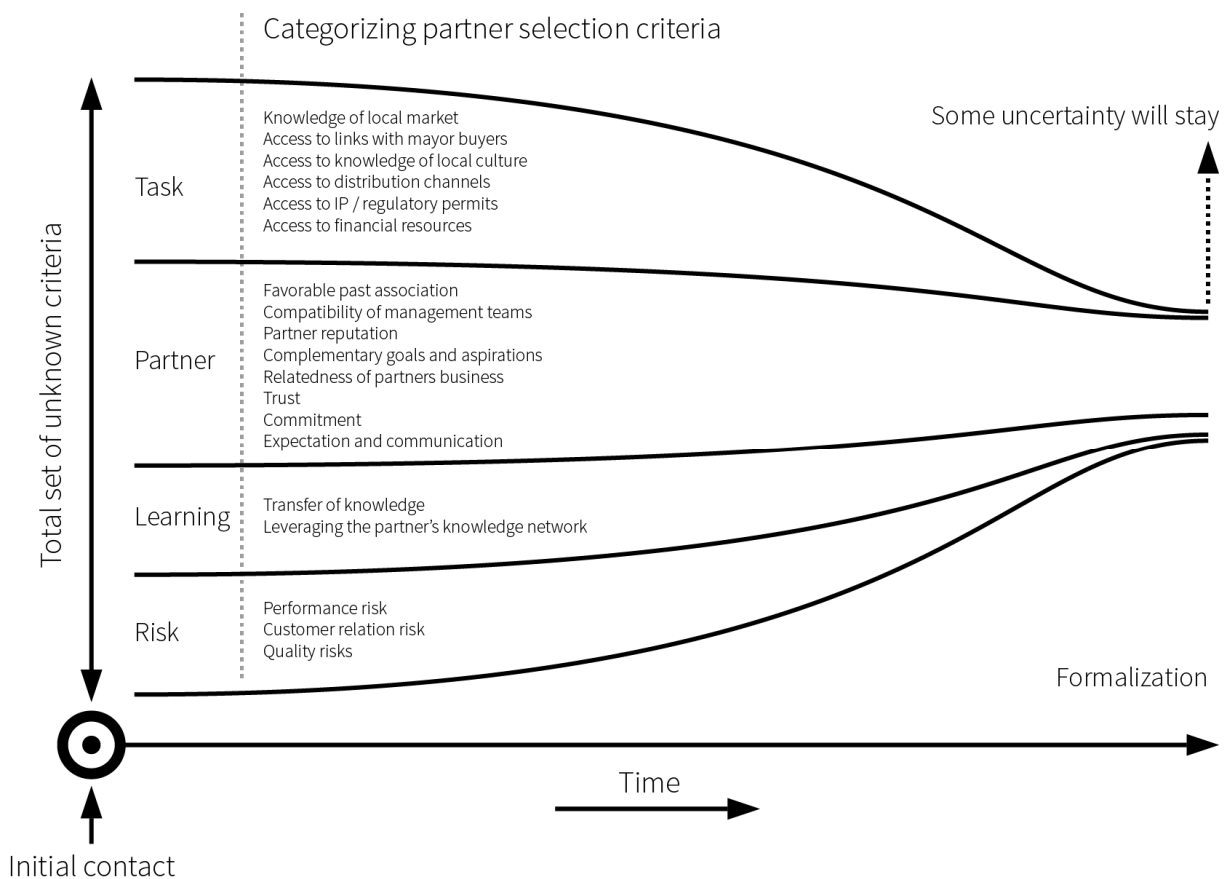


Figure 8: The partner selection model

The horizontal axis shows the path from initial contact to formalization by signing the formal contract. The horizontal axis shows the length of the selection process in time. The moment of choosing a partner can be set at some point during the selection process, this can mean: a moment based on decisions of the focal firm – in general it comes with a formal agreement or contract. The horizontal axis can also be divided into stages or milestones. For example: the task-related uncertainties can be answered earlier than the partner-related stage. When on the horizontal axis a criteria is answered, the funnel will **start to narrow down**. I.e. during the first stages all criteria are unknown and the number of partners is high. After some time, the financial criteria are answered and the focal firm can close these criteria.

The vertical axis starts with a full set of unknown criteria to acceptable uncertainty at the end of the selection process. The vertical axis shows the importance of the groups of selection criteria where a broader set of criteria means more uncertainty. Furthermore the vertical axis shows the uncertainty as a whole at the start and end of the selection process. As shown in the model, criteria are answered and potential partners are excluded from the partner selection process. The total set of unknown criteria narrows down towards a limited set of unknown criteria. As the selection continues, the uncertainty declines to a point of acceptable risk. At the end of any selection process, a certain level of uncertainty remains, as also shown in the model.

3 METHOD

After the introduction and theory, this part describes the method. The two research questions formulated at the start of this thesis are first: **which categories of selection criteria are used in strategic partnership selections?** And second: **How are the selection criteria sequenced in a partner selection process?**

3.1 Research design

This research is done within Accsys Technologies PLC. As young SME, the firm produces a radical innovative wood. The firm can be defined as a technological born global. The company is growing a worldwide sales network by seeking partnerships in foreign markets (appendix). The ability to form strategic partnerships in foreign markets is currently the primary – if not the only - growth factor of the technological company. It is the main driver of turnover of Accsys Technologies PLC. The partners of the company leverage the local knowledge, drive sales, and guarantee future existence of the focal company.

The chosen method in this thesis is qualitative research. This method is used to get a better understanding of the phenomena of partner selection within innovative born global SMEs. Furthermore, qualitative research is better suited for a small population size i.e. six sales marketing managers. The research started with a desk research on secondary data. The partnership selection criteria and processes as described in various academic work are explored. This desk research was executed in the period of March until May 2014. The literature gave a skeletal framework on the topic (Boeije, 2009). The concepts that were found in current literature shaped the context for the second step in the method: the field research.

The field research was done by semi structured interviews where a set of prepared questions acted as a guide for the researcher (Boeije, 2009). This data collection method was used for the following reasons: first it gives the opportunity to interview in depth on a specific topic. Second, the semi-structured interview guide provides a clear set of instructions for interviewers. This helps to provide reliable and comparable qualitative data. Third, the semi-structured interview gives the interviewer the possibility to also use gain informal and observational information to put the interview in the context of the research as the participant is asked to talk openly and freely about whatever he or she views as important (Sofaer, 1999). The interviews were based on open question with the ability of asking in depth question. Based on the concept of theoretical sensitivity (Boeije, 2009) where the researcher see the interviews through a theoretical lens to come to creative ideas. Because of the nature of the research question and the explorative character of this research, specific methods are used. First, field research is used for this thesis. Second, the semi-structured interview method within the qualitative research field is used as method for this thesis.

The following research model gives an overview of the used method and the process of research done in this thesis.

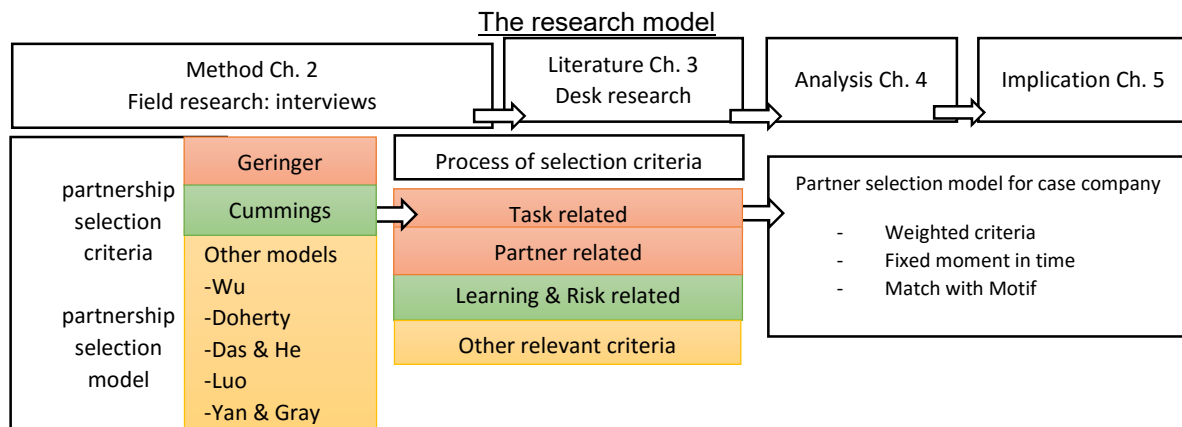


Figure: partner selection criteria optimization – research model

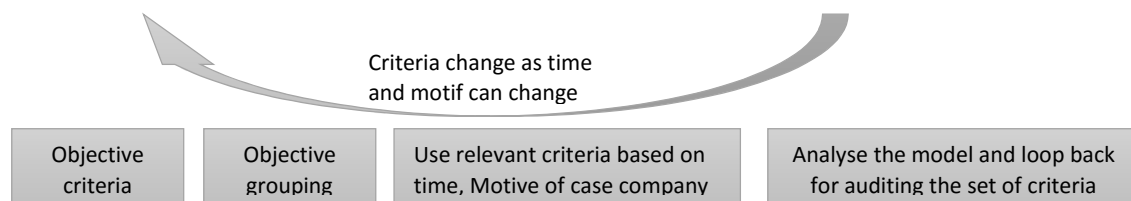


Figure 9: Research design – partnership selection criteria

3.2 Data collection

The design of this research is described in the previous part. The next step is explaining the procedure of data collection. First the procedure of data selection during the desk-research is described and secondly the data selection by using field research is explained.

3.2.1 Desk research

The research started with searching databases on academic papers. The databases used are Google Scholar, Scopus, and web of science. The first round of research was done by searching for keywords: International market selection; foreign market choice; International market segmentation; International marketing; International expansion. Finding this to broad a second round of data selection was based on keywords: partnership selection, partnership selection criteria, task-related criteria, partner-related criteria.

The selected literature is based on the international partner selection in the first stages of market entry by the focal firm. The literature should match strategy partnership selection, hence long-term, interdependent etc. Within this field desk research specified to international partner selection criteria. These criteria were described by several scholars of which Geringer (1991) and others forms a relevant

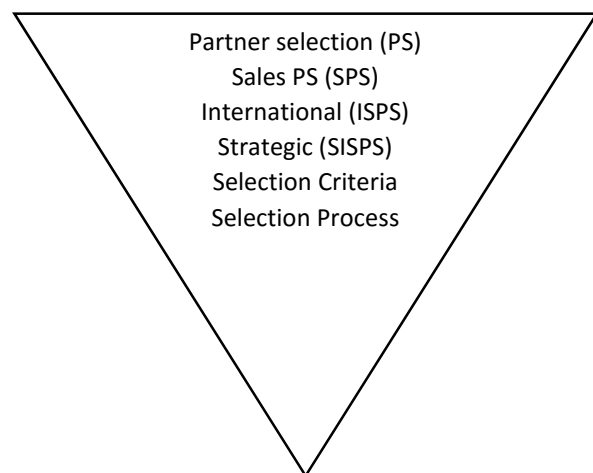


Figure 10: Desk research process

stream. Within the field of international partner selection criteria, the theory used in this desk research focused on strategic international sales partners.

A second stage in desk research was done by an annual report and investor’s alert research of the focal company Accsys Technologies. The annual reports of 2005 until 2014 were read and summarized. The partnership progress in relation to the research question was researched. Finally, the CEO statements per year were interpreted. By creating a fundamental knowledge base for the first interview with the head of marketing and sales the field research was done with most possible knowledge of the focal firm.

3.2.2 Field research: semi-structured interviews

The field research was done by semi-structured interviews within Accsys Technologies PLC. The reasoning behind the interviewee and company selection will be subject in the next part of the method. By executing the literature research the relevant literature and the context of the company became clear. The semi-structured interviews were done on this knowledge base. The first part of the interview is the general interviewee information. The second part is used to give the interviewee the ability to shape his/her role within the case company. The third part is the open interview questions based on the four categories described in the partner selection criteria model as result of the desk research. These open questions are founded by the categories task-, partner-, risk and learning related selection criteria. By consistently using these four categories from desk to field research the construct validity is better, as the conceptual variables are also used in the operational part of the research (O’Leary-Kelly & J Vokurka, 1998). By using the theoretical saturation method, interviews were taken until the additional information by an extra interview was limited to zero (Whittemore, Chase, & Mandle, 2001). This is a method to validate the collected data and groups of criteria (Boeije, 2009). “The sample must be appropriate, consisting of participants who best represent or have knowledge of the research topic. This ensures efficient and effective saturation of categories, with optimal quality data. Sampling adequacy, evidenced by saturation and replication” (Morse, Barrett, Mayan, Olson, & Spiers, 2008).

Table 8: Interviewee details

Interviews					
No	Skype / in person	Date	Country	Duration min.	Function
1	In person	May 14	NL	90	Introduction interview
2	Skype meeting	June 14	UK	60	Head of sales developing countries
3	Skype meeting	June 14	AU	45	Head of sales UK – North Europe
4	Phone	June 14	US	70	Head of sales America
5	Skype meeting	June 14	UK	50	Head of sales Asia / Africa
6	Phone + in person	June 14	NL	45	Head of sales Benelux – Europe

In conclusion, the data collection was done by literature research on partner selection and followed by semi-structured interviews within the case company Accsys technologies. The focus of the research has the advantages of a companywide view. Within this company the coverage was 100% of the sales managers. Research within one company secures the research about the same product, learning curve, culture and history. Disadvantages are the potential limitations on generalizability. These disadvantages will be discussed with the selection of the company and the interviewees in the next part.

3.3 Interviewee and company selection

In the previous part the data collection method was described. In this part the argumentation behind the company selection will be subject of discussion. Subsequently, the interviewee selection is elaborated on.

3.3.1 Accsys Technologies as case company

The case company used for this thesis is Accsys Technologies PLC. The firm has an internationalization strategy (IS) and the entry mode selection (EMS) and consequently International Market Selection (IMS) was the challenge of Accsys' management (Anderson & Gatignon, 1986). Considering this internationalization strategy, Accsys can be seen as a technologic intensive born global.¹ The company is an example of a broader trend where companies start going global from their founding (Freeman, Edwards, & Schroder, 2006; Knight & Cavusgil, 2004). This company runs continuous partner selection processes, making it an example firm for partnership selection processes. The company shows a case to answer the research question. The turnover of the case company is fully relying on the sales of the worldwide partnerships as showed by the annual reports. As the company covers markets worldwide, the case company shows the partner selection process in the various regions of the world. The company has currently 62 partnerships worldwide. The company is still selecting new partners in line with their strategy. These partners were selected by the heads of the sales teams of Accsys Technologies PLC. The selection process of the partners is done by the heads of the sales teams. The argumentation of the interviewee selection will be shown in the next part.

3.3.2 Interviewee selection

The interviews were done with the heads of sales of Accsys Technologies PLC. The interviews were done with every region manager. The region manager exist of a limited group of key people (6). This is because Accsys Technologies heads of sales and marketing split the world in five regions covering the globe. These five regions are represented by a sales manager and led by the head of sales. The interview sample is therefore 100% of the companies sales managers, covering all current markets of the focal firm. These six interviews are representing the partner selection processes of Accsys worldwide. All the interviewees are senior employees at Accsys Technologies and show a long experience curve within the selection of partners. The interviewees were screened on their résumé and the LinkedIN profile showing experience in (new) business development (5) and market development (4). The job description of the interviewees can be described as responsible for sales of Accoya in their specific area of the world. The role of the interviewee is the involvement in the development of sales and marketeering and the implementation through a developing partner network ("Justin Peckham | LinkedIn," n.d.). The average age of the interviewees is between 40 and 50 years of age. The average time in industry is >7 years. The average period working for Accsys Technologies PLC is >7 containing four heads of marketing serving from the foundation of the company. Covering almost 100% of all the closed partnership of Accsys within the current global sales team and covering the world as geographic area.

Table 9: Interviews core figures

Interviewee core figures					
No	Years with Accsys	# of partners responsible for	# of partner selections done	Time scale Partner to sales	Focus on
2	>7	>10	>10	up to 2 years	Partner-related criteria
3	>7	>10	>5	up to 1 year	Partner-related criteria
4	>6	7	7	up to 1,5 year	Task-related criteria
5	>5	>10	8	up to 1 year	Partner-related criteria
6	>7	>10	8	up to 2 year	Partner-related criteria

¹ Annual report 2012 – Accsys Technologies PLC

Table 2 shows the core interviewee figures. Having described the case company and interviewee selection leads us to the next part describes the data analysis: how the data was collected and which unexpected parts were experienced.

3.4 Data analysis

In the previous part, the case company and the interviewee selection were explained. In this part the process of data collection is described. This part provides the process of the actual data collection done for the research. The shortest interview took 45 minutes where the longest lasted for over 70 minutes. This difference occurred as the semi-structured interview was done with the potential of digression of the interviewee. The semi-structured interview method offered space for this deviation.

Reliability in qualitative research is concerned with consistency. To improve reliability, the interview framework is used throughout all interviews. This semi-structured interview framework is provided in appendix 6. The discussed themes during the interview were based on the four categories of partnership selection criteria. The four themes were task-related, partner-related and learning and risk-related selection criteria. This framework is provided order to share the data collection tools and reduce subjectivity. Furthermore reliability is concerned with the potential bias of the researcher and it can be useful to be frank about this potential bias (Creswell, 2009).

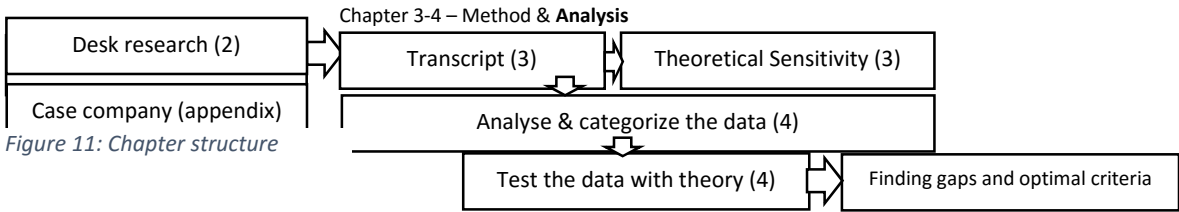
Internal validity, concerned with the avoidance of a bias, was guarded because the interviews were done in the same structured way. This structure can be compared with the literature chapter of this research. These four categories are also described in the literature part of the thesis. In the method, interview, theory, and analysis of this research the same structure was used. The consistent structure throughout the research contributes to the internal validity (Boeije, 2009).

External validity is concerned with the potential of the research to generalize the research results. The selected company and the interviewees form a representative sample for other SME's with innovative products within an internationalization strategy.

Of each interview a transcript was made. The interview transcript was read several times in order to precisely understand and interpret the meaning of the interviewee. The intake interview was done in person at the case company in Arnhem. The other interviews were mainly done via Skype (3) because of locations of interviewees and, consequently, the costs. Another interview was done by phone (1) missing the part of actually seeing the interviewee. Finally, an interview was done partly in person and partly by phone (1). All interviews were under permission of the interviewee recorded with software. The phone interview was done while the interviewee was driving to the office. The interviews were done with consideration of the time difference with UK, Thailand and US. The coding was done by reassembling the interviews. Putting the data into a coherent whole and to make sense of the interview data from a theoretical perspective (Boeije, 2009). The segmenting was done with the research question and research aim as fundament. Qualitative data analysis is the segmentation of data into relevant categories. E.g. interviewees speak about strategic international sales partners is different context; one interviewee could speak about a new partner, the other speaks about the biggest partner in a country. This difference in language has to be understood from interpreting the transcript as all interviewees have the same company context.

After comparing the interviews there was a stronger focus on the interview structure during the first interview than in the last one. By doing each interview it was a more open interview which gave more insights without losing the emphasis on the selection criteria and process.

In the second and reassembling phase, the data is related back to the theoretical concepts of partnership selection criteria. Segmenting the data would give a first insight in which topics are most frequently mentioned in the interviews. The most relevant topics will be clustered by summarizing the interviews by criteria. The criteria mentioned in the interviews will be coded in order to categorize the mentioned criteria of the interviewees into the groups of categories derived from the literature. By segmenting the data the most relevant criteria will unfolded for further analysis. This could be done by Computer Assisted Qualitative Data Analysis (Lewins & Silver, 2007) and grouping words by text mining software. This was considered yet not executed due to limited resources as time and money. The grouping was executed manually with four color markers. Each color represented a group of selection criteria. To increase the reliability of the coding, this process was critical checked by a co-student. Finally, the reassembling of the interviews gave structure to the interview data. This structure is similar to the theory based categories.



4 ANALYSIS

In the first chapter the introduction to the field of partner selection is made. The research question is formulated as the sub question are formulated. That chapter shows the importance of partnership selection. In the second chapter the literature about partner selection worked from a set of criteria via grouping the criteria towards a partner selection model of the selection process. The chapter shows how a focal firm can use categories of selection criteria in their partnership selection process. In the third chapter of this paper the method is described. In this chapter the analysis of this research is done. We will apply the interviews on the current literature. We will work towards answering the research question of the paper. The collected interview data is structured and the answers of the interviewees are analyzed towards answering the sub-question **“How do the selection criteria fit in a partner selection process?”** In the previous literature chapter of this research, the theoretical answer to this question is given, resulting in a partner selection model. This model showed the different weighted groups of partner selection criteria during the process of partner selection. In this chapter, the answer to the second research question is answered by applying the interview data to the theory. First, the definition of strategic partnerships within the case company will be explained. Second, the partner selection criteria used by the case company will be described. Furthermore, the selection criteria will be shown in a selection criteria matrix. In the second part, the similarities and differences among the interviewee responses are appointed. The similarities and differences are used in the third part where the analysis works towards a partner selection process. New insights will be used to show the partnership selection model for the case company. This final part of the analysis will introduce an applied partner selection model for the case company.

4.1 Partner selection criteria

This analysis is based on the partner selection criteria and the partner selection process. As described by Kahraman et al. (2003), partner selection is doing a comparison of partners by using a common set of criteria, we will test this common set of criteria. The structure used in the theory will be used in the analysis chapter as well. The partner selection criteria will be described based on the answers given by the interviewees. All criteria were discussed during the interviews, yet not all criteria were seen as equally important. Importance differed from criterion to criterion and from interviewee to interviewee. Those criteria that were commonly mentioned as important to Accsys will be shown in the matrix. Criteria without impact are classified as less important in the criteria matrix.

As described earlier in this paper and in literature, partnerships of two or more corporations or business units that work together to achieve strategically significant objectives that are mutually beneficial (Wu et al., 2009) we call strategic partnerships. But what do the interviewees say about partnerships? Are the corporations of the focal firm seen as, and called, partnership strategic? In the focal firms, for communication, the most regular used definition is distributor. By applying the definition of Wu (2009) to the partners of Accsys, we see mutual beneficial objectives at the focal firm and the partners. Having a limited amount of partners per market, the objectives are strategically significantly important. As stated by one of the managers “My very standpoint is that our partners, are representing Accsys abroad. **These partners are Accsys abroad.**” (Transcript 3, lines 81-93). Another interviewee answered to the question: “Yes I would say so, **absolutely [strategic]**. That is my goal certainly, to build long term strategic partnerships. Partnerships that are based on trust and commitment.” (Transcript 4, line 88) Were a third interviewee said; “We look for long-term relationships. It is very much strategic and based on personal relationships.” (Transcript 2, lines 27-8) Although the common sense is a strategic focus, the US team is seeking partners on a less strategic level. This market works slightly more operational and functional. In high contrast with the Middle East countries where the manager said “For the strategic markets I would say that it will be Accsys – especially at the beginning in new markets – is searching for the strategic partners. People today in Accsys talk about distributors, which is a very low qualifying word in my opinion. I see them as a partner and they can expect my commitment” (Transcript 3, lines 82-3).

4.1.1 Task related criteria

The theory showed that the task-related criteria are grouped in six different categories. Criteria that are used to gain operational skills and resources for competitive success. All the categories are used within the selection process of the case company. The knowledge of the local market and access to buyers, knowledge, culture, distribution channels, Intellectual property, and financial resources are described by the interviewees. But, not always are these task related criteria seen as important. The importance per category showed similarities within all markets and some interesting differences. As mentioned by the US managers; “the task-related criteria are most important for our selection. They form a formalized part of the partner selection process. Most task-related criteria are checked **before the partner is chosen**” (Transcript 4, line 103). In contrast to that, the South-East Asia manager said “You know the sales targets in the contract are just visions, people go like: I really don’t care. And all the people say why is this agreement so long, so heavy. Why is there so much legal stuff in it, for me a one single paper is enough. **You know what I do for you, and I know what you do for me**” (transcript 3, lines 292-4) and again the Scandinavian manager mentioned “There is a difference per market, for example the Scandinavian market has no hardwood market. This asks for a different approach as there were no comparable products as of **products specs**” (transcript 2, lines 58-61). Although the approach per market is different, all manager mentioned similar criteria to check. Most of the criteria are not mentioned explicitly.

Knowledge of the local market is a strategy that the focal firm obtains via partner selection. Accsys as a company searches for local partners in every market and even within regions. This is a strategic decision which results in strategic partners with a high level of local knowledge. The argumentation for the selection of local partners is also born out of necessity as multinationals were not able or willing to adopt the product in early stages. “We look for strategic partners. If our strategy to market is narrowed to a type of product the partner needs to meet very specific manufacturing criteria” (transcript 2, lines 156-60). So, the focal firm is searching for specific local knowledge. The knowledge of the local market should be embedded in the salesforce of the partner, another manager mentioned. Another example of specific knowledge was “a long history in the timber industry and an experience in importing products overseas” (transcript 5, lines

90-91). In general – the local knowledge is found by selection local partners which are sometimes even in a specific industry.

The access to mayor buyers is a highly important driver to seek partnerships abroad. Within the case company this is also mentioned by all managers. The approach is twofold, selected partners create a market or the selected partner just fulfills already created demand. The latter is less strategic and applies to markets where the focal firm targets end users directly. The combination is found in local partners that are able to influence important players in a local market, e.g. architects for project and manufacturers for the construction industry (transcript 2, lines 58-61). In a market where the demand is created by the focal firm “the partner is selected based on their network and link to buyers” (transcript 4, lines 108-109). This is the most task-oriented way of finding an appropriate partner. The local manager selects a partner with the qualifications that link to the end users. In contrast, for other markets another approach was mentioned: “Finding a big wood producer in the country will give us the access to important buyers. I always say to myself it takes as much time and resources to build a relation with the biggest one, as it takes with the smallest one” (transcript 3, lines 49-50).

As every market is different, it is important to understand what the end users of the product ask for. By understanding the end user in the market, the manager can find a partner that serves the end user best. Furthermore, the focal firm works occasionally project-based: “I look for the partner that can be the link between us and a certain project, the partner can influence the architect and we will supply the partner” (transcript 2, lines 75-6).

Access to knowledge of local culture is seen as more important, as distance to the partner’s culture increases. As the focal company is active in over 50 markets worldwide, the proximity to markets differs significantly. Throughout the interviews, the managers covering countries as Korea, Egypt and other non-western markets mentioned the local culture as important factor. “In the Middle East is difficult to understand the local culture, the access to the market is important but difficult the measure up front” (transcript 3, line 268). As stated by literature, the link between the culture in the local market and the culture in the new market is more important when differences increase. One of the managers operationalized ‘knowledge of the local culture’. “I measure their network by their clients. Partners give this information often in an early stage” (transcript 2, lines 58-61). If the network gives a broad range of clients and partners I can assume a rather good embeddedness in the local culture.

The access to distributions channels is mentioned by all region managers. It becomes relevant after the first stage of selection. Most important it seemed in the – task oriented - US market: “The partners are choses based on the distribution abilities is a specific area” (transcript 4, line 249). It seems the most relevant criterion for the northern American markets, highly task oriented, partner selection takes place based on a demand from a market area. “Company X is one of these companies that I want because of their network to manufacturers and the customer base using 25 outlets. One of the first thinks I look at is there network, distribution channels and location” (transcript 4, lines 61-9). Or as said by another manager: “The potential distributors within the network of the partner is where we look for” (transcript 2, line 134). It is seen as an early stage check by most of the partnership selection processes. Relatively objective measure were mentioned as “How many warehouse facilities do they have, what is the size of the operations, what is their warehousing capability, where is there are the warehouses located. What is the average stock rotation in a warehouse?” (Transcript 3, lines 89-93). Together with the knowledge of the market, the link to the end user and the ability to distribute the product makes a partner able to represent Accsys in a new market.

The local brand names, access to labor, and regulatory permits are less relevant as the focal firm focus is on global branding and regulatory permits are seen as responsibility of end users (i.e. not the partners of the focal firm). Legal issues seems to be of relative low concern in the partnership selection process. Explicitly stated by a manager “No, we do not use much intellectual property or brand names of the local partners. We have our own company goals and we are R&D driven. Our IP is within our company.” (Transcript 4, lines 294-8). Or as mentioned by another manager “in less regulated countries it is more important to stay active in the market. By being active the market the partners will make sure that we [focal firm] is up to date concerning regulation. Our local network and communication is important. It is difficult to measure this before choosing a partner, usually the bigger the partner the better the relationship with regulative bodies” (transcript 3, lines 222-8). By being active in the market, importing the product on a regular basis enables the focal firm to stay up to date. This functions from a strong network, not specifically from the partnership. This makes the regulation criteria closer to partner related criteria.

Access to financial resources are seen as important selection criteria. Financial resources were mentioned by all six interviewees. Financial stability is the key criterion to some of the interviewees, stating: “without the financial basis a partnership will not arise. Financial data is shared in an early stage [of the partner selection process], as is the customer base of the partner. The financial stability of the partner is one of my key criteria in an early stage. Some aspects of partner selection are standard: the financial check, the historical checks. Were there any courts. Second I will look at their client base. Third is an easy managed company without complex corporate structures” (transcript 2, lines 101-6). “A credit check and accountant review is done on every potential partner. We use a format to have a common financial procedure. A financial creditability check” (transcript 4, line 105). After the location and network scan, the interviewee in the US market said she would do the financial check. Another manager said “I do a financial check. There is now point of getting a partner on board which is not financially stable, then I need to find out, will they go bankrupt” (transcript 3, line 326). Yet another interviewee said “we do a financial check. The biggest thing for me is that they can give me the impression that they can sell a very new product, that they value Accoya at a fair price and that they meet the delivery time also” (transcript 5, line 66). Financial resources are seen as a foundation of trust by some managers and partners. As mentioned earlier, the financial future for the partner is important. “I need to show what the financial results for the partner will be” (transcript 3, line 153). This can also be explained as a way to gain trust at the partner. The marketing manager need to show the profitability of the product.

A returning task related criteria during the interview is what could be defined as ‘focus’. This can be the focus of management, focus of calculation or the sales department. The potential partner is choosing an exclusive product, and as seen in the interviews, the partner should not have too many products, the salesforce and product managers need to have Accoya in the top of their mind. It is better to have a medium sized partner with 50 products then a big partner with 300 products (transcript 2, lines 244-5). Or as said by the Europe region manager, the sales agents should understand the high-end of our product and should know when to advice and sell it. It’s a high margin product which needs to be cherished by the partner’s salesforce (transcript 6, lines 28-35).

4.1.2 Partner related

In the previous part, the task-related criteria to select a new partner were explained. The fit between two partners is based on an operational level. We also saw that in general the interviewees see these partnerships as strategic partnership. Shared goals, long term relations, and common vision were mentioned in relation to the partnership. This part will show the fit between two parties on an organizational level. As mentioned by one of the interviewees: “we are looking for partners that are willing to go outside their comfort zone” (transcript 5, lines 163-65). This shows the search for commitment. Or

Partner-related criteria
Favorable past association
Compatibility of management teams
Partner reputation
Complementary goals and aspirations
Relatedness of partners business
Trust
Commitment
Expectation and communication

Table 10: Partner-related criteria

as mentioned by another interviewee “we look for long term relationships. We aim on building personal long term partnerships. The process of selecting a partner evolves in an open discussion with partners” (transcript 2, line 25). This fit on an organizational level can also be reached by trust. “Trust is the most important selection criteria in the less regulated countries” (transcript 3, lines 173-6). From another perspective, the focal company’s strategy is about a long term relationship. “We focus very strongly on supporting existing partnerships”(transcript 5, line 208). “I think this is the question of the partnership selection were I look for, we all look for; can I be sure that the distributor will be a long term partner” (transcript 4, line 93). When talking about organizational fit the region managers often talk about gut feeling, hard to measure and subjective measures. “It is my experience that helps me valuating a potential partner, and with mixing my experience with a general feeling I continue with the selection process” (transcript 6, lines 378-386). Partner-related criteria were seen as even more important than task-related criteria. In some cases the focal firm will go into a partnership based on highly limited task-related evidence. When partner-related fit is met and the partner’s potential is convincing, the focal firm can decide positive. Or as said by one of the managers “At the end of the day people have business, and businesses are people you know” (transcript 3, lines 146-7).

Favorable past association, like going into partnerships based on old ties is in case of Accsys almost impossible as the organization searched for international sales partners from the founding. Being a young firm, these past experiences – like sold product, former relationships or suppliers almost do not exist. During the interviews there rose a form of derivate past-association. As Accsys forms partnerships with partners that already have a long track record these new partners create awareness in a market, through these ties new partnerships selections takes place. “Let’s take the Baltic States, strategic partners were found true cooperation in the manufacturing business” (transcript 2, lines 96-7). So entering the Baltics market was via past association, as new partners used to be an offshore manufacturer of existing partners. Also in the Asian market there was an example of past ties: “it happens to be a different situation this time, it is a big company were we are having a relationship, but not any customers, they have been a supplier actually. And I am working with them and they actually became customers” (transcript 5, lines 200-2). In general this criterion is more an ad hoc criterion: it occurred during some partnership selections but it is unlikely to build a selection process around the criteria of past association. First because it seems to limit the option by entering a new market. Secondly because there are limited ties as the companies profile is international oriented from start-up.

Compatibility of management teams is proven to be good, in theory. The more similar the business and management teams, the higher the change of success of the partners as described by scholars. A lot of positive relations were described when bringing a partnership selection in relation with the management teams. The focal firm communicates through the partner selection process via the region managers, so the board of directors is merely involved with the selection process. The results of the interviews showed that the region managers experience the influence of this compatibility as high. But how can you measure this compatibility? The history of bringing products to market is mentioned in interviews: "The next step is the culture of the partner; this will follow after the CEO adopted the product. A compatible management team is often found within a SME firm. It will help if there is direct contact with top-level management. Relative quick decision processes show that the partner's company style is the same with the focal firm" (transcript 2, lines 179-81). "There are two easy measures for compatibility, sales and open communication. Only sales we can measure in a later stage, open communication shows the compatibility of the potential partner" (transcript 3, lines 248-9). As mentioned during the interviews: "Multinationals are risk-averse and governance driven, this simply does not match our culture. If the businesses don't match they are not going to sell Accoya" (transcript 2, lines 226-9). This is a clear example of learning to select a partner over several historic selection processes. It is very likely to go into negotiations with a potential partner that seems able to sell Accoya but is not matching after all. In order to find out this compatibility most sales managers do joined visits with the partner. "We might have two or three cross-the-table discussions and we would want to go visit warehouses and facilities and meet as many people as we can from the top management to the sales people" (transcript 2, lines 156-7).

Compatibility and potential of the partner seem to go hand in hand, the focal firms selections are based on the compatibility and the potential future sales. A timeframe towards meaningful sales up to two years is normal. Given this rather long time frame potential of the partners becomes a factor that the sales managers of the focal firm can manage. "When I make the decision to go ahead with a partner I also know if we help this company will it growth or if you help it will not grow. And if it is a small and it can grow you'll help it, and should help it. So if the culture is matching with ours this is a more important criteria" (transcript 2, lines 171-3). Although compatibility is seen as important, the more task-oriented selection processes lack the importance of compatibility. On the question, "do you select a partner based on compatible management styles and culture?" the task-oriented interviewee answered "I would like to say yes, but in the first years we were really not demanding" (transcript 2, lines 147-8). If we take compatibility one level lower there is the understanding of the product – being more task-oriented.

Negotiation on CEO or owner level is seen as a key indicator for future partnership success. The influence on the partnership when being in negotiations with the CEO or owner of the partner was one of the questions. As found in the interviews, it depends on the company but in most cases the focal firm really aims on the CEO level. Most partners of the focal firm are small and medium sized. As mentioned, typically a turnover range between 15 to 200 million euro. It is seen as normal that one of the directors or owners is involved in the partnership selection process (transcript 5, lines 81-5). This is where Accsys is actively searching for. If the focal firm is searching and cooperating with corporate companies, Accsys is just too small, as said by one of the interviewees. The chance that the selection results in a non-compatible partnership is higher. In contrast, when a CEO is taking part of the negotiations and "you see him four times that week, you know, there is a bond. When we do joined visits to project of Accsys or to the warehouses of the partners this is also a reliable indicator of compatibility" (transcript 3, lines 247-8). And as said by another sales manager: "often the CEO sees the potential of the product before the sales team will" (transcript 2, lines 179-81). "I think it is very important that the CEO is involved. I'm aiming for a partner that is willing to negotiate on CEO level" (transcript 5, lines 58-87). One of the reasons is because the CEO

or higher management has more influence on the company culture. They also represent the future path of the partner and the partnership better. If you have an owner (DGA) who does not embrace the product, Accsys is already behind on sales with that partner, it is as simple as that. The market manager of Europe would choose the company where on strategic and organizational level the willingness to adopt the product exists (transcript 6, lines 25-7). To find out the compatibility the CEO of the firm needs to see Accsys; build a relation with the sales manager of Accsys. (Transcript 6).

Table 10: Positive aspects of a potential partner

<u>Compatible management teams</u>	<u>Non-compatible management teams</u>
SME firm	Corporate multinationals
Quick decision process	Governance driven
Cross the table meetings with CEO / owner	No CEO involved
History of bringing innovative products to market	
Sales (but only able to measure in later stage)	

The partner’s reputation can be checked by the focal firm in an early stage of the selection process. The selection criteria reputation is applied differently in several markets. Overall it is one of the most sensitive criteria as it can harm the trust and commitment of the potential partner – depending on the culture in the market. In most western markets, the way to go seems straight forward. Gathering 3rd party reviews to collect insights to the firm is common (transcript 2). Talk to people in the industry about the company (transcript 2). This can be on exhibitions but also just picking up the phone is mentioned. But on the other side, in for example the Middle East markets the changes of failure are high, when the focal firm does 3rd party reviews. As it could, and probably will, be explained as distrust (transcript 3, line 56). In these cases the focal firm uses introducers that bring the partners and the focal firm together. These external introducers already create a foundation of trust but also help the focal firm to get information without the risk of distrust. By selecting the right introducers, the focal firm is already taking a first step towards a certain partnership as every introducer has his own network. Another fairly low-profile measure of reputation is the history of trails, the history of innovative product launched and innovative portfolio. The longer the history of a partner, the broader change of shaping a good view of the reputation, in this light a traditional company is favored above a new one. One of the sales managers said “... Furthermore I would rather not trade with a company that is often in court” (transcript 2, lines 101-4). Taking a step back, most of the interviewees mentioned the simple ‘google check’ and other databases to get a feeling about the reputation of the partner. As heard in the interviews it is important to get a feeling from distributors directly, and from other people in the industry and it helps if they have good credits, it helps that they are long term companies, not someone that started today. “As we (Accsys US) starts to know the market we can do more and better third party reviews. We are able to do better reputation estimates. Furthermore I need to explain senior management why we select certain partners” (transcript 4, 5). This insight is also given by the European sales manager, the learning curve of the focal firm helps to understand the market and oversee the potential partners (transcript 6). As said, it is easier to do pre-research and also do pre-partnership-selection. Where potential partners know that the focal firm is aware of the existence of Accsys. All together the partner’s reputation is a criterion that all sales managers use actively but the operationalization does differ. This is driven by the culture of the specific market.

Complementary goals and aspirations at the focal firm and the partners do increase the chances of success of the partnership. This criterion can be seen as best formalized by Accsys. These aspirations are put into a distribution agreement. Working towards the complementary goals, other criteria as trust, commitment,

compatibility, and reputation work towards a common ground for an agreement. This agreement is proof of talking the same kind of business language during the process of selection. The goals that the sales managers describe are also used as a guideline for the future years. The focal firm and the partner use it to set the aspirations. For this reason these complementary goals are mentioned within other criteria and formalized as agreement.

The relatedness the partners business is highly related to the common goals and aspirations. Speaking of an innovative and new product there is no existing industry to sell the product. Sales managers in general are putting effort into finding the most related market. The more related the partner, the higher the chances of selling the product. Literature shows this positive relation and the sales managers recognize this relationship. In practice it is difficult to find a reliable and related business. In general, an innovation needs to find new ways into the market. In this case, the innovation finds most relations to wood products – as is the processing and applications so far. As mentioned by one of the sales managers: “I try to find hardwood distributors. They are aware of the value of the product. But this hardwood distributor had also different interest (e.g. own rainforest concessions). Other sales managers are searching for the willingness to adopt an innovative product. This is also a returning argument for cooperation. But willingness is difficult to measure, it is best described as “it’s a gut feeling” ” (transcript 2, line 124). Furthermore, the selection of relatedness in business is searching for out of the box acting companies: more modified wood product would show that the partner is able to work with new innovative product (as long as the products are not direct competition of ours). It shows that this relatedness is difficult to apply to an industry. It can be on partner level by selecting on willingness with can be based on innovative product portfolios, turnover from new products, an innovative client pool etc.

Trust and commitment or chemistry is the most used criterion to recognize longevity of the partnership. In literature, the trust and commitment are described as two groups of criteria. In this analysis it will be one common group as interviewees see this as one domed criteria. Commitment can be reached by being demanding towards a partner i.e. put in a contract that the partner should sell x amount etc. In these cases, the focal firm could not be demanding in early stages and therefore commitment tended to arise from the basis of mutual trust between the partners. A demanding attitude towards partners was seen as potential negative aspect, it will affect the partners trust in a negative way, which in return affects commitment again. Besides trust, the commitment is based on the recognition of the product (transcript 6, line 30). If a partner does not see the value and possible market for the product, the future partnership is likely to be less successful.

The creation of trust was approached in different ways. The focal firms gives the impression that the company really stand next to the partner as they need to learn how to sell the product and they’ve learned how to put it in the market (transcript 5, lines 25-8). This shows the interdependence of partner and focal firm. As said in an interview “Trust is a very very important factor, it is not easy to measure, but without a partnership will never work. The partner must know why the dive into something. We show them why we need them, we show our dependency on them” (transcript 2, line 219-23).

Commitment was mentioned as a leitmotif during the partner selection process by one of the interviewees. Commitment can be found within the management and preferably within top-level management including the CEO (transcript 2). The Middle East salesman aims on a higher level: “Trust and commitment are the two most important selection criteria, not only for me but even more to our partners. Trust replaces heavy contracts and our agreement could be only one page. A very big similarity between Asia and the Middle-East. Trust, personal trust. In the Middle East it is all about connections” (transcript 3, lines 71, 129). A way to gain trust mentioned by the Middle East manager, is to show the possible margin and the potential sales. Furthermore, showing the technological advantage that the partnership brings, is

a way of gaining trust with the potential partner. Fully commitment to the product develops if they have stock (transcript 5, lines 137-40). This is seen as the theory of idiosyncratic investments. Where the focal firm shows commitment by training the partner, doing marketing in the market. At the same time partner shows commitment by taking a level of stock. It gives both parties more comfort because it shapes the opportunity of a long-time relationship (transcript 2, lines 38-9). This helps to get both partner and focal firm to look beyond the first selection process.

“Commitment is a very important ongoing part of the process, I have experienced over and over” (transcript 4, lines 129-32) one of the interviewees told. As commitment makes the difference between the partner really working for you and the product. Commitment is difficult to estimate or measure in an early stage of selection. “It is more a feeling, I get it during discussions with the partner. It is seeking who they are and how they do business and approach markets” (transcript 4, lines 166-72).

Expectations and communication will structure the partnership and make it function as literature describes. Communication is mentioned throughout the interviews by all sales managers. It is one of the aspects that the focal firm is aware of. The communication of a new innovation can be complex and overwhelming. The focal firm developed training programs and presentations to overcome communication problems. Partners have access to a complete database of studies, warranties, cases, photos of projects etc. One way of putting it, is that expectations are made clear in the formal distribution agreement. In this agreement there are numbers as a minimum of stock; how the partner should do product promotion and so on. They predict target figures for the next three years. The goal of these target figures and agreements is to create a common set of expectations; they are not binding. “We see the partnership as a collaborative approach” (transcript 2, line 204). The focal firm already knows that targets do not have to be met, they are used to set expectations. The targets are a point on the horizon, a point to work to in three years. Being an innovative product, it has no clear reference in the market for the potential partner. This rather unclear future is a potential problem in the successful future of the partnership. Or as mentioned by another interviewee “When the level of trust is high enough the expectation can be high” (transcript 3, lines 276-9). These expectation are not explicitly put on paper the manager in the Middle East said. The interviewee experienced that it could work contra-productive to predict expectations (transcript 3, lines 292-6). In non-western markets, the managers communicate and translate the European business language (like the distribution agreement) to the local culture. The communication from the partner towards the focal firm differs from partner to partner. It is a challenge for the focal firm to create common communication to partners in different markets. As an interviewee mentioned “I think, normally our partners are quite open about which customers they are selling to, they provide information if we ask them. We do ask, we are aware of the value of the information at the partner. Sometimes we spent two or three days to work together on a customer. Most of our partners are open in the communication and see the long-time relationship” (transcript 5, lines 143-7).

The importance and difficulty of the partner-related criteria are shown by one of the sales managers. “There was one distributor within the North-East of the US that I went to visit, and all things pointed that they would be a good partner, be long standing, you know, for many years they sell hard wood. They are very good at what they do. But I had two meetings with them, and after the second meeting it really appeared to me that they might not be the right partner. So I was trying to back off and then it turns out that were not interested in Accoya. It just happens that way sometimes” (transcript 4, lines 273-8).

4.1.3 Learning related

Learning related criteria are a relative new group of criteria, recognized in literature a few years ago. The learning abilities of a partner were divided over different other categories. In line with the innovativeness of the product the learning abilities are mentioned often among the marketing managers. The focal firm is a strongly knowledge based organization. The product is salable via the transfer of knowledge. We see this during the task-related criteria (i.e. transfer how to work with the product, not to damage it, find the good customers etc.). It is also mentioned during most partner-related aspects of the partnership selection process. Finding a CEO that understands the product, make sales teams of the partner really part of the specification of the product, the compatibility is also based on a learning foundation. In general, the focal firm was a learning organization (R&D) and continued this learning process to the international ambitions.

Learning-related criteria
Transfer of knowledge
Leveraging the partner's knowledge network

Table 11: Learning related criteria

The transfer of knowledge takes place on continuous basis. This knowledge transfer is recognized by the sales managers as important, but throughout the interview some possible improvements were found. There are several ways of knowledge transfer. From the focal firm to the partners. "The best way to get partners selling is to train them" (transcript 2, line 344). Share knowledge from the partners to the focal firm, among the marketing managers per area and finally among partners in the different areas.

Table 12: Learning-related criteria – the transfer of knowledge

Learning-related criteria: the transfer of knowledge	
Focal firm to the partners	Good – with full information and training
Partners to the focal firm	Mainly driven by focal firm
Among the marketing managers	Mainly ad hoc 'pick up the phone'
Among partners	Not yet subject of research

For the case company, the transfer of knowledge is important. Transferring knowledge enables the partner to train the sales force, product managers, and general staff to adopt the innovative product. During the interviews it became clear that the transfer of knowledge is very structured from focal firm to the partners (i.e. online platform with all information, product education at the partner etc.). As mentioned by one of the interviewees: "I think they get a really high level of information, in common. Marketing information, how to sell the product, giving them the confidence that we really know where we are talking about" (transcript 5, lines 127-9). Another interviewee said: "Convincing the partner to gain interest in our product. They need to learn from us and see what the added value of our innovation is" (transcript 6, lines 16-21). This pool of information is also used as argument by the sales managers. Our company shares a lot of information, our partners have all information available" (transcript 4, lines 198-200). Because the product is an innovation, there is more information needed. This information is given by the sales managers – with an enormous backup of reports, studies etc. – But the partners should be open to it. They should be willing to invest in gaining the knowledge of this new product. "If during the selection process I feel that a partner has his own arrogant sales approach, or is not putting the right effort we don't allow that" (transcript 2, lines 177-8).

The willingness and ability to learn is also a returning subject. "Innovative employees and culture at the partner is a very important criteria for selling Accoya" (transcript 5, lines 48-9). Sales managers check this by screening the portfolio of a potential partner. Having some innovative product in the portfolio is one measure to see of the partner is able to learn. It also shows if the culture is likely to match with ours said

the sales manager of the Baltics. One of them said “Are they able to understand what our new technology/products are? Will they be able to send the same message and convince their clients?” (Transcript 3, lines 57-8). This ability to learn has a reflection on the future sales of the partner “The quality of their salesforce is what makes the difference between the performances of partners” (transcript 2, lines 229-30). One of the interviewees said. Are they willing to learn? Is a question that needs to be answered positively according to the Middle East sales manager. If the partner is able and willing to learn that the partner is suitable for us (transcript 3, lines 305-6).

Although sales managers see the knowledge transfer as essential for a knowledge based product as Accoya, they have their own approach towards the knowledge transfer. As one stated “I make a trainings session for all of their salespeople” (transcript 5, line 131). Another, “I fly over to meet more team members. I mean the key personal on production, marketing and sales” (transcript 4, lines 182-5). Accsys trains the personnel of the local partner, but they do not ask the sales team to run a test in return. The investment in the transfer of knowledge is mainly done by the focal firm.

The transfer should work the other way around as well. The transfer of knowledge is done by the employees of the focal firm. Cooperation could be better when they are aware of how the different markets function. The sales managers do connect the sales people of the partner with the sales people in Accsys, but often in stage, where the partnership is already active. If the cultures match, it will usually also run smoothly on an operational level (transcript 2, lines 166-7). So the knowledge transfer occurs after the partner-related criteria are clearly stated.

The leverage of knowledge of the partner’s network works two ways. For Accsys, the knowledge of the local market is useful. This knowledge flows from the partner to the focal firm. The knowledge of the product should flow from the focal firm to the partner. Both partners should be able to leverage this knowledge. To locate the knowledge at both partners, this knowledge network should be managed. As seen in theory in a strategic way. Advantages are better forecasts, improved strategic decision making but also increased sales.

The partner’s knowledge is something that develops and that should be located within the firm. Partners are very different, which results in very different end products. As one interviewee stated: “Actually I am not so interested in the end product, nice to have more applications with our product but not our main focus” (transcript 2, lines 83-6). And another said “It seems not something that we ask upfront, it might influence the selection process and slower it down. I take a little time before I get demanding for information” (transcript 4, lines 283-90).

The focal firm has not formalized this knowledge leverage. Accsys does not ask in the distribution agreement for specific knowledge, neither do we oblige the partner to share any knowledge. But in practice it is highly relevant for Accsys to share in the knowledge pool of the partners. The internal processing of the products and the learning curve; the local market approach and the types of clients, the local regulations per country (transcript 2). Once more, the local knowledge is seen as important: “Based on trust and a big network the partner knowledge is shared with the focal firm, but no [...] it is not much formalized (transcript 3, lines 106-14). The willingness to share company information with the focal firm seems not too high in general. For sure, all sales managers are trying to get the information, but they seem to lack the tools for a structured leverage of the local knowledge. Most of the time it is hard work, really communicating on a strong level with the partner, and demonstrating them we really understand we can help them sell it, one of the interviewees said. Sales managers need to support them, help them sell it and show commitment to the partner (transcript 5, lines 24-5). As for the North American markets, the information sharing from the partners towards the focal firm is difficult. Every partner is different and they

all have different cultures and processes of information sharing. Sometimes the distributors can be a little bit protective about their end users, or their end customers (transcript 4, lines 204-5). So often it is also the case that a partner is willing to share their knowledge and experience but processes and systems lack to do it in a strategic and consequent way.

The level of a partnership could be as cooperative, in order for sales and projects being done together. In this case all knowledge is shared and the sales of the product is a joint effort. As stated by the US sales manager: “we usually ask for the margin on product they sold, sometimes the partner shares this information. There are also cases were we jointly run a project and we set the prices in consultation with the partner” (transcript 4, lines 193-5).

Are partners willing to share knowledge with you? The Middle East manager answered: “Yes, absolutely, I have the case in South-Africa three months ago. They are very transparent and they tell you a lot. So you wouldn’t go into any useless competition. So that is also part of the commercial cooperation” (transcript 3, lines 311-3). From market to market, the lever of knowledge sharing. In general it seems that higher trust and commitment lead to a higher change of sharing valuable information.

Another way of leveraging local knowledge is getting different people from Accsys into the selection of a partner earlier in the process. It was mentioned in the interviews that local managers need more support. Moreover, showing the commitment and trust from the focal firm can lead to sharing knowledge. “For every department this can be helpful but let’s start with the export people, the production department and of course marketing” (transcript 3, lines 348-50).

The focal firms share a lot of information, they try hard to leverage the network by constantly asking the partners for information. This can be information about the product margin, about clients, about the way the partner markets the product. When Accsys receives input from a pool of 50+ partners it can really leverage the local knowledge of the partners. Most important is the fact that from this information patterns can arise and the network as a whole can learn from this.

4.1.4 Risk-related criteria

During the time frame of the selection process, risk-related criteria are taken in consideration. Not as explicitly as the literature of Cummings & Holmberg (2012) recommends. During the interviews we see that the time frame from initial contact until signing the agreement is about six months, in these six months the managers who are in charge of the partnership selection have risks in their mind. But there are major differences between the markets, from a full SWOT and Risk analysis in the more task-related markets to a latent way of looking at potential risk in the partner-related markets. In general there is no procedure of looking at risks at the focal firm. Most times risks are low as payment terms are risk-averse. Furthermore a credit check is always done, on top of that most trade is done with partners that have a credit rating (transcript 6, line 189, 198). The financial risk is by the focal firm on a formalized way mostly neutralized. Other risk will be elaborated on next. As mentioned “we do credit checks, and we keep an eye on them. I think we have one dealer in Italy who went bankrupt, and maybe one dealer in Australia, but it is not common with our dealers” (transcript 5, lines 176-7).

Risk-related criteria
Performance risk
Customer relation risk
Quality risks

Table 13: Risk-related criteria

Performance risk is the risk that a partner will not reach its performance goals. In this case study performance risk is high as partners are new to the focal firm. A new partner, unaware of the partners’ sales abilities, untrained employees, a market that is not yet aware of the product etc. During the interviews

we saw some excuses why a partner should perform as expected. We see a manager that emphasizes that the agreements are not strict contracts but are set up to create at least common expectations for the future (transcript 2, lines 202-3). Or another interviewee that stated that partnerships are based on trust, the performance is strongly related to the level of trust, in other words – the performance is hard to measure as trust is hard to measure. In the US markets, the performance risk occurs less prominent as the demand is already created and partners fulfill a more task-related role.

A second reason that performance risk is seen as less important, is a strategic decision of the focal firm. One of the strategic goals is a growth of the number of markets. This can conflict with the idea of selection valuable partners. Sometimes the selection is a compromise from the start of the partnership. It can be seen as an opening to a new market, or, as said: “at least we have a start in that market” (transcript 2, lines 260-1).

The performance risk is a risk that is recognized by sales managers. “Because there is nothing worse having to think you have the right distributor, and the guys are doing two or three containers and the wood is just sleeping in their warehouse” (transcript 3, lines 63-5). During the interviews, the general way is an approach of doing a credit check and getting an overall feeling with the partner. Some sales managers look at stock rotation and industry information. They check partners with a bad reputation, and they do not pass (transcript 3, lines 91-3).

In general, the performance risks are there – there are partners that only do very limited sales - but seem to be deemphasized by the sales managers. Underperforming partners are of strategic relevance, they are an opening to a market, new partners get up to several years to prove sales. These arguments are arguments why the performance risk is present.

Customer relation risk refers to the fact that a partner could damage the relation between the focal firm and the end user. Potentially there is the possibility that the end users are informed wrongly or incompletely. In several markets, the focal firm starts to create demand among end users. The next step is proving demand to the potential partners. Although the possibility of the customer relation risk, this risk is not seen as an important during the interviews. No interviewee experienced such a case neither did they see this as a high risk.

Quality risk are the risks that the standards of the focal firm are not applied at the partner. It is seen as difficult to really measure the ability of the partner’s abilities before closing the partnership. There is no safeguard to the quality that the partner will deliver. By training, sharing information, educating the focal firm tries to overcome this quality risk. As one of the managers said “I need to give a local twist and make sure I am not losing any quality” (transcript 3, lines 271-2).

Competitive risk is the risk of competitive product in the market and within the portfolio of the partner. Partners are allowed to sell other durable products. It gives customers the ability to choose within the durable and sustainable segment for the best product for their project. One of the clauses in the standard agreement states that the distributor is not allowed to sell a competitive modified wood, but the reality is that we often wave that clause. Especially if that distributor where we work with is already selling another modified wood. That is something that is a clause that is put in by the legal department and the top management. Although during the interviews was told that the focal firm does not ask the partners exclusivity on the product, “if we did we are not even able to actively maintain our own distribution agreement” (transcript 4, lines 135-6). The people at the focal firm that are more at the ground realize that these other modified woods, although to some people they might seem like direct competitors, are actually not mutually exclusive. They are used in different applications. As stated by one of the interviewees who said

“our main competitor probably is just wood” (transcript 5, lines 185-6) and yet another interviewee who said “the main competitors of Accoya tend to be the hard wood” (transcript 4, line 76).

4.2 Partner selection criteria matrix

In chapter three the partner selection criteria matrix was introduced. The criteria from literature to select a partner were shown. Now the most important criteria according to the interviews are showed in order of importance.

The most important task-related criterion was the financial resource. Then most criteria are seen as equally important. The least important was the access to international property and regulation. For partner-related criteria, the trust and commitment was by far the most mentioned criterion. Compatibility of management and CEO was mentioned above average and complementary goals and aspirations was as well. The partner’s reputations was mentioned but not as important as the other criteria. The relatedness to the business was not seen as important, the focal firm is partnering with all kinds of partners (i.e. as long as they do anything with wood). The least important was past association as there are almost none for a starting firm.

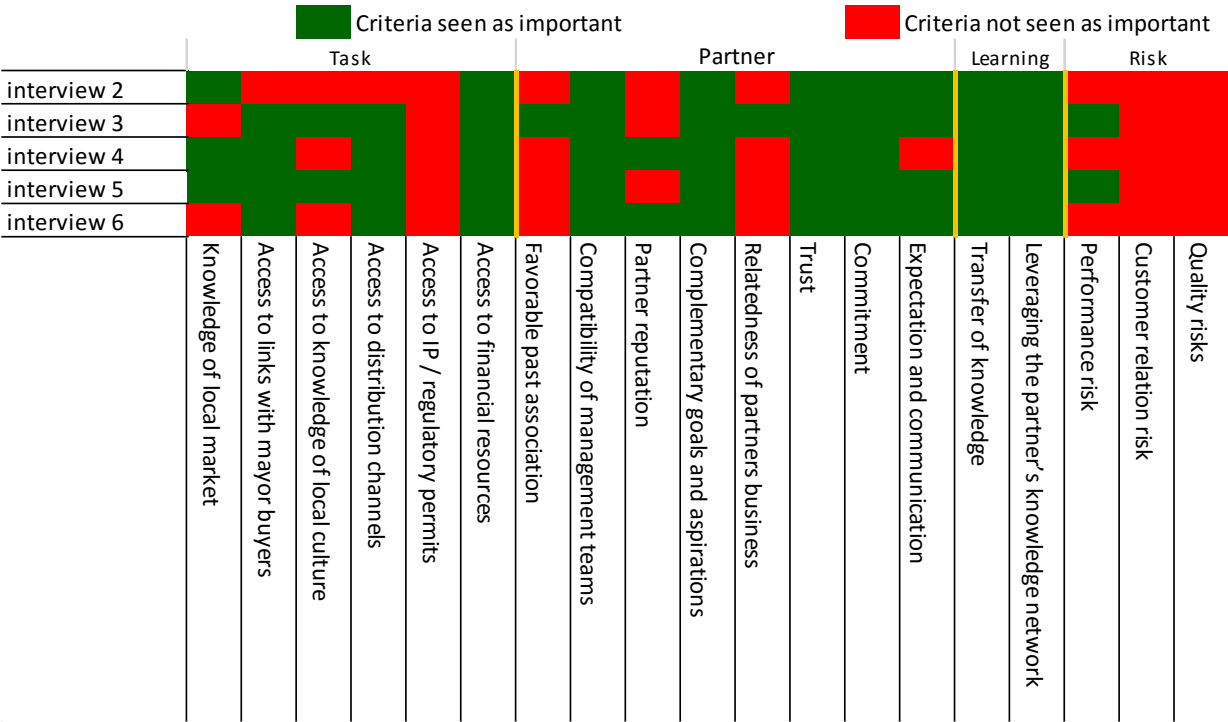


Figure 12: Important criteria mentioned during the interviews

The similarities and differences in the matrix shown by green and red filled boxes. There are many similarities in the way the sales managers select a new partner. These similarities are shown in the previous matrix, and marked as green, in the overview of criteria. The differences are mainly found in the different cultures of the several markets. Accsys is operation currently in over 50 markets worldwide. Every market has a different behaviour, different requirements, different standards, different perceptions, different financial capabilities, obviously. Different expectations, something that is really diverse, as noted in several transcripts. It seems that the more different the culture of a country is compared to the Dutch and United Kingdom culture the bigger the role of the sales manager is. The sales managers have a broad empowerment to select a potential partner. Towards the formal distribution agreement there are stages that in the partnership selection process. These stages are not yet described by the focal firm. Nonetheless, stages were mentioned during the interviews.

Another reason for differences is the individual approach of the sales managers. The strategic sales

partner selection can differ per region or market. Where the sales manager in South East Asia almost states “The bigger the better” (transcript 3, line 212), the Scandinavian sales managers has a 180 degrees different approach “Start with smaller companies to get to top level management” (transcript 2, line 262). So in general, the differences occur in the individual markets. The differences also occur because of the different approaches of the sales managers. The similarities is where this research’s focus is on. These similarities are shown in the partnership selection model.

4.3 Partner selection process

In the previous part the criteria were discussed, furthermore the differences between the partnership selection processes in the focal firms markets was shown. It also became clear that the influence of the sales manager on the process is a factor. In this part, the process of partner selection within Accsys Technologies PLC will be analyzed. The several different insights towards the selection process based on the interviews will be discussed.

4.3.1 Duration of the process

The process takes about 6 months to 2 years according to the interviewees. There are several strategies to get in contact with a partner. In the early stages of the internationalization of the focal firm, Accsys was approached by local firms. In this early stage Accsys lacked time and market knowledge for a formalized international sales partner selection process. The focal firm started to grow sales and developed a sales manager’s network Accsys became able to select partners. This approach was developed mainly by individual sales managers.

From the interviews we find a time frame from first contact is mentioned towards ‘any meaningful sales’. In most cases, the focal firm did not know the potential partner before the initial contact. Resulting in a relative short history and time to formalization. Yet, a more resent view from the Dutch based sales manager (covering most of Europe) “we know most of the players in the industry, it’s not that we don’t know them, there is a right moment to start a partnership” (transcript 6). We take the first actual intention to cooperate with a partner as start of the process: the intention of the focal firm. From the interview we derive the time to mature partnership takes up to two years. It takes time to select a partner from a shortlist of partners. Next, the partner needs to get stock – a practical issue which will also takes time – in the same time, the focal firm and partner often have a project where the product will be used. This product in the construction industry can also take up to a year or two to actually be developed. In project bases partnerships, it can take up to two years to get sales. When the partnership is based on do it yourself (DIY) business models or of the shelf product sales can start from three to six months after the first contact (transcript 5, lines 52-6). As we also see in the US market, the first partnerships were with small firms, the negotiations were with top management or CEO. When a potential partner embraced the product to converge towards sales could be fast (i.e. six months).

There are task-oriented partnerships that could be active in a rather short timescale (six months). A second process is a more complex partnership without a direct demand from the market (up to two years). Thirdly, there are partnership processes that are not yet initiated but firms know each other and will approach for further selection process steps when needed from one of the partners. Yet another insight is that the process could also take too long and will therefore already imply a bad future cooperation. “There is a difference between finding the partner to signing an agreement and finding a partner and getting any meaningful sales. From finding the suitable partner towards an agreement can be up to six months to a year but not more. The discussion will be too long and it simply frustrates a proper future cooperation. After the agreement the time to first sales of meaningful sales can be another full year” (transcript 2, lines 299-300).

4.3.2 Stages of the process:

In this paper we saw that the selection of a partner can be done by checking several groups of criteria. These criteria differ in importance during the time, and these changing criteria can be seen as a selection process. The beginning and end of the partnership selection process is not straightforward. In the previous part, the path from first contact towards full partnership was described. This process is not just a long continuous process. We can describe milestones or stages in order for this process of selecting a partner. Although most milestones are not formally described by the focal firm, there are stages during the process of partnership selection that seem to appear as a common stage. A more optimized model with stages could make certain decision moments for sales managers easier. In general, the interviews showed four stages.

Stage 0: the market chosen by higher management. Next the market is screened by the sales manager of that region. A short list is created of about 5 potential partners.

Stage 1: finding partners. Only the selection team is involved. Mainly sales from the focal firm, several from the partner. (Typically number of partners mentioned is three or four).

Stage 2: narrow down to a low number of partners (typically mentioned is two). Other disciplines get involved. Planning, engineers, procurement.

Stage 3: only one partner remains in the selection. The negotiations are on a contract level and during this stage the parties sign the formal distribution agreement.

Stage 4: get first sales. Let the partner take stock.

Stage 0: The very first start could be defined as stage 0. During this stage the market is selected and screened. From a broad market view, the scope is narrowed down to potential dealers. "Usually we scan a market on partners in the joinery or hard wood timber industry as we found them most qualified as partner, at least it was the easiest way to find partners" (transcript 2, lines 49-52). Or as another interviewee said "my first question to answer is: where do we need more geographical exposure?" Then I search for available distributors" (transcript 4, lines 247-50). This stage can be typically five potential partners or more. "We usually and often pick five companies, and two or three from this shortlist are interested. Maybe one or two are a potential partner. And then I spent two or three months talking to them. I want to see how they appear and how their approach will be towards Accoya" (transcript 5, line 54). Sometimes the list can be longer because the better known in a market the more partners to choose from (transcript 2, lines 259-60), although the list should stay limited, from resource perspective. The interviewee responsible for South East Asia and the Middle East said "my partnership selection process is straightforward" (transcript 3, lines 129-30), there is just no formal procedure in selection a new partner. "I have developed my own way of a partnership selection process" (transcript 2, lines 105-6). And as said "We have first of all the public information. I will search for internal and financial information" (transcript 3, lines 96-7). In the US and Canada, the approach of partnership selection is as follows. "The type of partner properties is formulated. I basically start with a google search, I go to trade shows, I select three partners and I develop a system from there on. I will start with three or even more, but the available time is also an important factor" (transcript 4, lines 254-6).

Stage 1: The first stage described by all interviewees is the initial contact. During this stage the sales managers have meetings, they make first contacts with the partner. The manager is creating feeling of the culture, some are also creating a feeling of the physical company. This initial stage can take place at multiple companies simultaneously. Sometimes a partner comes to the focal firm, this is a different approach. "Mainly in the early years it was the only way to get partnerships in markets" (transcript 2, lines 133-4). Other task-related criteria can be checked during this first stage. Criteria like the access to buyers, financial status etc. can be answered during this first stage. Furthermore, the focal firm should convince the potential partners in this stage, show the partners that the product sells and gives pay-off. This will reveal

which partners are willing to sell the product (transcript 4, lines 49-51). To a certain extent the partner is described by the company “Within the company we keep a profile of a suitable partner, not formal but merely as an unspoken common experience within the company” (transcript 6, lines 154-55). As described by one of the interviewees. “I’m working on myself in this part of the world, in the strategic markets I only aim for the big companies” (transcript 3, lines 194-8).

Stage 2: The second stage starts when the first meetings are done, marketing managers make a decision based on some first task-related criteria (credit check) but the decision is also highly based on partner-related criteria (a good feeling about the partner). During this second stage, typically just two potential partners remain. “So after we have identified the right partner. Identified because that partner ticks all the boxes, we need to create a level of trust relationship between them and ourselves” (transcript 3, lines 172-6). Based on this more extensive criteria check, finally one partner will remain to go to the third stage. The head of marketing and sales in India, Japan, Korea and North and South Australia follows the steps from culture, learning ability towards the financial check and reputation. These managers, then, will try to gain commitment of the partner (transcript 5).

Stage 3: The third stage is more formal, it is the signed partnership agreement. Signing the distribution agreement has an internal goal as the market can be seen as covered. The performance of the sales managers is depending on these agreements. Most important, it sets the expectations between the focal firm and the partner for the upcoming cooperation. This agreement is the most formalized and common part during the international strategic sales partner selection process. Although during the interviews it became clear that marketing managers are practical oriented, they see the agreement as a part in this partnership selection process.

Stage 4: The signing of the agreement does not mean the process is fulfilled. Another interviewee saw the moment of stock keeping as an essential change in the process, this would then be the fourth stage. “it’s a matter of getting the product over to them” (transcript 3, line 174). The moment of sales to the partner is another stage or milestone. As said by one of the sales managers “the first order of one or two containers of Accoya is for me the beginning of the agreement” (transcript 5, lines 33, 144).

The selection process based on the interviews:

Table 134: Simplified selection process

Interview 2	Interview 3	Interview 4	Interview 5	Interview 6
Financial check	Select big company	Accsys to clients	Partners culture	Financial check
Access to clients	Financial check	Financial check	Learning ability	Company culture
Partners culture	Trust and commitment	Trust and commitment	Financial check	Learning ability

The selection process translated to the group of criteria:

Simplified selection process in 3 steps

	Task	Partner	Learning	Risk					
interview 2	most important criteria	2nd most important criteria	3rd most important criteria						
interview 3			2nd most important criteria						
interview 4	most important criteria	2nd most important criteria							
interview 5	3rd most important criteria		most important criteria	2nd most important criteria					
interview 6	most important criteria		2nd most important criteria	3rd most important criteria					

	most important criteria
	2nd most important criteria
	3rd most important criteria

Figure 130: Simplified selection process

Within the case company, the partnership selection process differs per manager. The real common ground is the distribution agreement. This agreement is a formalization of a partnership but still seen as a guideline. After signing the agreement the partner-related criteria are fairly uncertain.

During the interviews we saw that interviewees thought they had developed a best practice. As we see from the table above, the financial check is a criteria that is done by all managers. Furthermore, the culture of the partners, or gaining trust is seen as important aspect during the selection stages. In general we can see similarities among the used partnership selection criteria. The sequence of these criteria differs per manager. But although differences in the selection process occur, it is possible to develop a best practice according to the interviewees: “There might be differences, you always have to adapt the common approach to the personalities of people, the market and so on. The normal changing things you know” (transcript 5, lines 76-7). But, in general all the marketing managers follow the same stages and check for the same criteria.

Include skeptical partners in the selection process

Partners are not always willing to take the new product. This implies that the focal firm should select the suitable partners based on their own criteria – independent from the potential partner’s willingness to become a partner – as seen in the US market the partner cooperates after the focal firm showed the partner a customer base. The US manager really shows the added value of getting into a partnership. The partner selection model starts with an initial contact between the focal firm and the partner, during this initial contact the company and the innovative product are introduced to the potential partner. These innovative products do not sell themselves, **this was the situation in several markets in the focal firm**. Typically in new markets where the exposure is low, the product is not easy adopted by a local partner. During the interviews and analysis it came to the conclusion that partners are not always willing to adopt a new product. The situation that potential partners are not willing to cooperate often occurred with the new and unknown product of the focal firm. When leaving unwilling partners out of the selection process it may influence the selection process in a negative way. As one of the interviewees mentioned “if we are able to convince a partner that our product sells they will be interested in cooperation” (transcript 6, lines 138-0). When a product gains acceptance in a market, the situation changes and the power to choose a partner from several candidates shifts towards the focal firm. Or, as one of the interviewees described, the higher the market acceptance and exposure is, the more partners Accsys can choose from. Another approach is the use of introducers in a new market (transcript 3, lines 98, 116) who will do the first contacts and take away skepticism.

This makes the ability for 'creating awareness' or showing the added value as an additional criteria for innovative product. "It is quite common I think, people are not aware they are able to sell Accoya" (transcript 5, line 196). Or in other words, the focal firm knows which local partners are most suited but the local partners do not know this yet. And from the US market perspective: In the first stage I already start to gain interest in our product, this interest is easier now (2014/2015) then it was before (2007). (Transcript 4, line 113). This can be explained by the growing demand for Accoya in the US market. An innovative product needs to gain market acceptance, and in the earlier stage there are limited interested partners. With growing acceptance and proved commercial success, the process of partner selection gives better opportunities to Accsys Technologies. By this growing demand for the product another attitude towards partners can be developed. "Partners offer us a business case now, instead of us convincing a partner. That is really an advantages of the growing awareness of Accoya" (transcript 2, line 137). The focal firm can now create a shortlist and actually ask partners to show their added value. "In Sweden we just had the selection of a new partner. We could choose between two partners" (transcript 2, lines 147-8).

Set partnership goals form a new stage for the focal firm. As we saw previously, the growing awareness creates another level to the partnership selection. The literature describes the importance of complementary goals. These complementary goals are assumed to be present at the focal firm and the partner. Partnership goals are common goals that are applied specifically to the partnership. The goals between the two partners could differ. The sales and marketing managers are assigned with the task of finding suitable partners for a longer period. These strategic partners were not always available for the focal firm. As described in the previous part: when not including unwilling partners a shortlist within a market could be short. In some cases, choosing a partner becomes a compromise. As the focal firm has an international ambition from start-up, the expansion to new markets is of strategic importance. It is a balance between entering new markets and finding suitable partners. Or as described by one of the interviewees "we know we make a compromise with open eyes, but we need entry to the market above all in some cases" (transcript , lines 260-1).

Underperforming partners should be recognized and in some cases the partnership should be reconsidered in a structured way. From the interviews, it became clear that when partners are underperforming in a structural way, partnerships are reconsidered. There is no formalized way within the focal firm. As the majority of interviewees said they have excluded previous selected partners for further cooperation, underperforming partnerships are terminated. The spread is very large, for now we do not end our partnership based on turnover, as long as it is continuous (transcript 2, line 159). As the larger partners do up to 20 times more than the smaller partners, turnover is not the only figure to look at. Continuity and commitments are more important to the focal firm. "We are ready to help them and we estimate the probability of growth. Willing but unable is better than able but unwilling" (transcript 5, lines 189-91). But if a partner does not put effort in the marketing and sales of our product we will ultimately come to a point of closing out (transcript 6, lines 301-5). Now, this is never the case in the first year. We are aware of the lead time to market. Globally there have been some cases where the focal firm terminated the partnership. This termination often took place after reconsidering the criteria although they were based on an ad hoc approach.

Loop the partnership selection process would be a good way to audit the partner's performance on a regular basis. The partnership selection process could also be done again after being active for a certain period in a market. The awareness grew after the first partner started selling in the new market. Partners could be reviewed after an amount of time. "After the initial partners are performing well it happens that new potential partners want to sell Accoya. In this situation I reconsider the current market position of all active partners" (transcript 2, lines 133-5). It is a natural point for review. The region manager can prepare

a weighted decision if there is space in the market for an additional partners. Moreover, the current partners are reviewed i.e. on turnover, market share and general performance. As said by one of the interviewees

“It is a good idea to review them al. I think it is a good idea to review the successful ones but also the common and the underperforming partners” (transcript 5, lines 116-7).

Formalizing the partner selection model can be a logical next step in optimizing the international strategic sales partner selection process. None of the interviewed managers used a common formalized model for selecting a partner. The interviewees got the question whether the managers had a model or process to select a partner. “Yes, I do follow a process step by step, but it’s not a formal sheet, it’s in my head” the marketing managers of India said (transcript 5, line 66). The managers of US told that most task-related criteria were checked based on a formal process, but again, this is not a companywide approach (transcript 4, lines 90-7, 282-90). As also found during the interview with the Middle East manager “I don’t even think there is a process described by the company. So I have my process and margin, and my individual standards which I apply. Which I expect to be the most helpful for Accsys” (transcript 3, lines 129-30). From the Scandinavian sales manager, we have gotten the same answer: “There is not a formal procedure within our company. A sales manager is responsible for their own area. We have a fair amount of freedom in how we do that.” (Transcript 2, line 102).

The understanding among the sales managers of each other’s markets is limited. Like one of the interviewees said: “partners really need to be convinced that there is payoff. I think it will be like this everywhere” (transcript 4, line 92). Although this appears not the case in other markets as we see from the Middle East. The company went through a learning curve for the past seven to eight years from start-up. This learning-curve led to a better understanding of how to select a partner. As we see from the interviews, the culture among sales mangers is positive towards formalizing the selection process. Putting guidelines on paper creates a clear process for everyone. Guidelines are good but too much details become a handicap’ (transcript 3). Till now all managers worked on personal criteria, which worked so far, but the firm is ready for a more structured process (transcript 2). As the learning curve is of high value, formalization can lead to optimization.

4.3.3 The partnership selection model

In order to answer the second sub-question the partnership selection model is updated according to the interviews and analysis of Accsys Technologies. **How do the selection criteria fit in a partner selection process?** The formalization of the partnership selection process can lead to an optimized partner selection model.

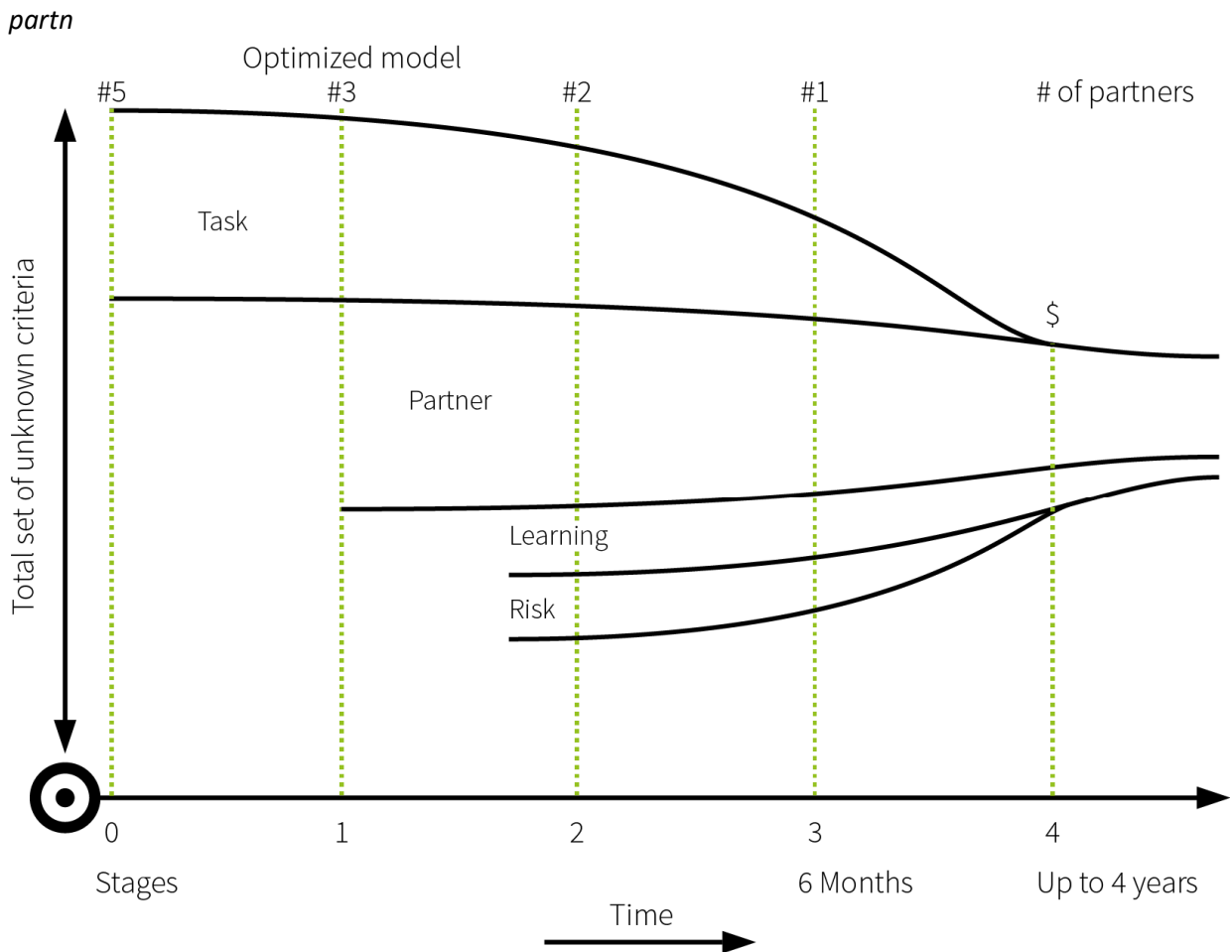


Figure 14: Optimized selection model

From the interviews we have seen that in common the task-related criteria will be checked before the orientation on partner-related criteria. We also found that commitment and trust are important earlier in the process than most partner-, risk- and learning-related criteria. The trust and commitment criteria can be seen as the foundation on which other criteria are built. These criteria seem to form a much bigger role in the selection than literature suggests. From the interviews, we found that the relative importance differs by region. In more commercial markets, like the US, the focus is on task-related criteria whereas in Africa or the Middle East the focus is more on partner-related criteria. We also found similarities. Learning was seen by most managers as an important criteria and even mentioned once as second most important – even before task-related (transcript 5). The importance of learning is companywide recognized. Task-related criteria as intellectual property and the locale culture were seen as less relevant during the selection process. Risk-related criteria are not seen as important during a selection process. Looping the model is seen as an improvement for the future; as partners are performing on very divergent levels, turnover and speed are the basics on which the partnership drives can be checked once in a certain amount of time. It can be used as review or audit of the partner and the market (i.e. involve potential partners during the loop).

The stages give the focal firm a formal moment to take decisions. As the time on the horizontal axis moves on, criteria will be answered during the partner selection process. Some criteria can be fully answered, mainly task-related criteria at the first mile stone. As these criteria get answered, some potential partners will be taken out of consideration. The model does not shows how many partners should be at the start of the process; this depends on how many partners there are in the market. It can be a strategic decision to set up a limited shortlist or it could be a resource (time or money) that drives the decision. Scarcity can be another limitation, when in a market only two partners exist, this selection process still gives insights on the partner. The focal firm knows whether the partner is good or a (temporary) compromise to enter a new market. When the focal firm is limited to choose out of a limited amount of partners, the milestone can be formed earlier as the best partner is the only partner left after preselection.

5 CONCLUSION & DISCUSSION

This chapter has two functions. The first function is to describe the conclusions of this research. The second function of this chapter is a practical one, showing the managerial implication for the case company. We finish with the discussion and future research. In order to find the answer to the sub- and research question data from interviews with sales managers of Accsys Technologies was analyzed. We will be working towards the research aim of this thesis on 'optimization of strategic international sales partner selection process'.

5.1 Conclusions

Research question 1) Which categories of selection criteria are used in strategic partnership selections?

The used categories of selection criteria are in order of importance: task-related, partner-, and finally learning-related. The use of formalized partner selection criteria within the focal firm is limited. The firm works without a formal approach in their strategic international sales partner selection process. The used categories and the importance per category differ among managers and regions.

Theory showed that partnership selection should be based on a common set of criteria in order to increase partnership success (Chen & Tseng, 2005; Gale & Luo, 2004). In this research we have shown that grouping criteria is the first step towards a stage driven strategic international sales partner selection process. These sets of criteria are subject of several studies of which Geringer (1991) and Cummings & Holmberg (2012) form the foundation in this research. The categorization is based on task-related, partner-related, learning-related, and risk-related criteria.

The interviews showed a less common use of criteria than literature recommends. As seen, the risk-related criteria are not seen as important for partnership selection within the case company. Furthermore, we recognized the tension between the use of a common set of criteria and the need for specific partner selection approach per region. By transforming the criteria from a checklist towards a stage driven process, the partner selection process could contain common criteria and specific application by sales managers.

Research question 2) How are the selection criteria sequenced in a partner selection process?

Based on the interviews, there is evidence that the selection criteria can be sequenced. This sequence leads toward a selection model for strategic international sales partners. The process is based on a structured route from selecting a new market towards selecting one partner within the selected market or region. The first step is screening for task-related fit between the focal firm and the potential partner. During the second stage, the partner-related criteria become more important and finally, learning and risk-related criteria are taken into the selection process. The period from initial contact between the focal firm and the potential partner until the first sales order is seen as the time frame of the partner selection process. A common set of criteria will be applied during this selection process where strategic choices, the motif, and resources of the focal firm influence the set of criteria. The relative importance per criteria that the focal firm addresses to the selection process is the result of these strategic choices. The set of criteria can differ per company and market, but a common set can be made by combining literature and the case company's preferences, knowledge and strategic decisions.

5.2 Discussion of the findings

In literature there are many different approaches to select a partner based on common sets of criteria. Within the focal firm, this common approach is not yet described, although most sales managers take a fairly comparable route from initial contact to formalization. The focal firm has five sales managers, these sales managers work in different parts of the world. Sales managers take responsibility for many markets; markets that ask for different approach. During the years they develop their own partner selection process. The focal firm has, in our opinion, five strategic sales partner selection processes. The criteria used by the case company are diverse.

Within the task-related criteria, the financial criteria play a relatively important role in the selection process. The reason for this could be that financial data is easy to compare and report to management. They seem common criteria by nature. Access to local permits are seen as not important. The reason can be that the focal firm has a strong focus on patents, certifications etc. This could lead to an idea that local permits and regulations are less important. As task-related criteria are easier to measure and better to compare, every partnership selection process should start with a focus on task-related criteria.

Partner-related criteria tend to be more important in distant markets, yet in closer markets the criteria trust, commitment and compatible management teams are most important. In general, the partner-related criteria are difficult to measure and harder to compare. They demand for a personal interpretation and gut feeling of the specific sales manager in charge of the partnership selection process. Unlike in literature, past association is seen as unimportant. A reason could be the fact that a young company does not have many past ties with other companies. Building on a network is not possible for born-global firms.

Learning-related criteria are seen as important. The importance of the transfer of knowledge is something that the sales managers are aware of. As the focal firm sells an innovative product, the knowledge from the focal firm toward the partners is high and structured. Remarkable is the fact that the knowledge transfer from the partners toward the focal firm is less structured, although seen as important.

Risk-related criteria are seen as less important by the interviewees. A reason could be the limited risks the company takes during the selection of a new partner. There is limited financial risk during the first stage as the focal firm does not invest in the partner. Risks can occur later in the process where selected partners could underperform. This underperformance is still difficult to address to the selection process as there are often limited partners within one market. Risks can be addressed to several other factors as economic climate etc.

Theory about the partnership selection process shows a grey area between criteria and process. When can criteria just be checked and when do criteria become a process. An important factor is motivation (Dacin et al., 2007; Ulas, 2005), and the relative importance that the focal firm addresses to criteria during the process of selecting a partner (Cummings & Holmberg, 2012). The time frame to select a partner is not explicitly mentioned in literature. In general limited time is seen as an important motivation. Using a structured process (Hitt et al., 2000) improves the success of international sales partner selection.

The process of partnership selection became clear during the interviews. The interviews showed that the partner selection can be seen as a sequenced development over time. The sets of criteria are not equally important during the selection process. Weighted criteria, as introduced by several authors, are useful; the relative importance of criteria should be determined by higher management in order to create common criteria. From the interviews it became clear that the sales managers are receptive to receive backup from management.

5.3 Managerial implications & suggestions

In the previous part, the conclusions and discussion were treated. In order to give the case company Accsys Technologies a more applicable answer, in this part the managerial implications and suggestions are elaborated on.

First of all, Accsys Technologies proved to develop a successful internationalization strategy. The firm experienced a learning curve from a young company towards a developed SME with a broad strategic international sales partners' network. Based on the roughly 70 partnerships the company already fulfilled, in 2015 the firm can learn from previous success and failure. These partnerships form the sales force of Accsys technologies and this knowledge network is of enormous value for the focal firm.

A fundamental managerial suggestion could be referring to distributors as partners or even strategic partners in the future. Distributors suggest a practical role, although in practice the distributors from a long-term, strategic relations suggest a role based on common goals and shared knowledge about a specific innovative product.

Our suggestion is to develop stages within the international strategic sales partnership selection process. This gives the sales managers and regional team a clear goal towards formalizing a contract with a potential partner. These stages are described in the analysis part of this research. When the management chooses to work with a stage driven partner selection, there could be a budget assigned to each stage. When the budget per stage is set, the case company can monitor the profitability of a new partner. Besides introducing a stage budget, the company could consider a common time frame of a total selection process and a time frame per stage. Consider the first order of the product as a formal step in the process (i.e. not the distribution agreement as the formal closure of a partnership deal, but the first order of Accoya).

Partners have to connect the several region managers to each other to share knowledge about the partnership selection process. It seemed that there is no formal profile of an appropriate partner and there is no description of a benchmark. The internationalization strategy (i.e. expanding the number of partners) can lead to compromises in the quality of selected partners (i.e. rather be in a market with an underperforming partner than not being in that market at all). This is all necessary in order to know if Accsys is making a compromise a partner profile, which could help sales managers to select an appropriate partner (i.e. this can also be in terms of potential). This can be done by taking the results of the best performing partners as a benchmark for other partners.

The focal firm should choose the sales partner. When a local partner approaches Accsys Technologies for a strategic partnership it is advisable to still do a partner selection process. Select at least three local partners to get prove that the strategic partner is a suitable partner after the selection process.

Create knowledge sharing to learn more from the local partners. Information sharing from focal firm to partners seems very good and complete. The information sharing from partners towards the focal firm is less structured and more ad hoc and depends on the partner. We suggest to enable the partners to share their product experience. Get the worldwide partners in regular contact with each other – the company can develop an online platform where different disciplines find each other. Technical experience, price experience, product application, type of clients, and marketing experience can also increase the success and turnover growth of local partners. Connected with knowledge sharing, the development of the sales force of the partner can be more intensive should be a matter of course. (The sales ability and knowledge seem to make the difference among partners).

Loop the selection process after an amount of time. By looping the process, the partners in a certain market become more aware of the competitiveness with other partners. This loop can function as moment of review of the current partners. This loop gives potential partners in a market a chance to become a partner. If the evaluation shows that a current partner is underperforming, the partnership could be reconsidered based on the described benchmarks.

Strategic international sales partners form the main driver of growth for the focal firm. By sequencing the selection process of these partners, the future sales could be increased. Furthermore, the selection process itself can be less time and resource consuming. As the focal firm experienced a learning curve from founding until now, a general conclusion is formalization of the rich knowledge among the sales managers towards a strategic international sales partners' selection model. This sequenced selection model should be based evenly on literature and on the experience and motif of the focal firm. Optimization is not found in formalization alone, there should be margin for the sales managers to anticipate to regional and personal differences. By introducing stages in a selection process, the strategic international sales partner selection can be optimized without losing its flexibility.

As the case company is still expanding their global partner network, this learning curve is not yet completed. The next step should be – as concluded – the introduction of stages in the selection process. Based on the interviews the acceptance of a more formalized process can be high. Provided that the process leaves enough flexibility for regional influences, a formalized selection process offers structure and a common approach. Furthermore we think that a partner selection process can provide sales manager with managerial support. The timeframe of this research is limited to roughly one year. The optimized model for focal firm is based upon continuous improvement of the selection process. The results of the selection process change in the future e.g. every time a partner is selected with the use of our model the model could change.

Further research within the focal firm could be a more extensive use of the available data within the focal firm. Data about current partners could be used to construct a quantitative model which supports the results of this thesis.

5.4 Limitations

This research method is based on semi-open interviews within Accsys Technologies. Although all of the focal firm's sales managers were extensively interviewed the research is done with a relative small group of six people. This small sample is suited for explorative research. Still the interview method is more open to bias. This bias can be that interviewees are answering from a company context, i.e. learning is seen as important because the focal firm has a strong focus on knowledge sharing.

Another bias could arise because the role within the focal firm is the same for all interviewees. For example, risk-related criteria are seen as less important by interviewees, this could be because sales managers tend to be more risk seeking compared to other employees.

The partnership selections are all done from the perspective of one case company, focused on a specific industry. With over 50 selected partners, the research represents a worldwide partner network, but limited representation to extrapolate to other industries. As this research was conducted at one case company, the generalizability can be seen as limitation.

In this research the focus was on a physical product, wood. When going global with a services the partner selection process could be different in term of timeframe, resources and most important criteria.

During the period that the interviews were conducted the case company typically went through a learning curve of their process of strategic international sales partner selection. The company's growth is high and therefore the focal firm itself changes during the period of research. The awareness of partners grew and the demand for the product grew. It is difficult to correct the results for these changes within the focal firm. The results of the research could be different when the study was conducted seven years ago, one year ago (as in this research) or now.

Furthermore, it could be possible that other criteria could be taken into account while selecting a partner. Criteria which are not identified in this research, as this research was based on the criteria grouping of Brouters et al (1995) and Geringer (1991). This decision was defended in the theory chapter of this research but these choices lead to a path where the focus is on four important groups of criteria.

5.5 Future research

The next step in scientific research can be done by expanding the process to a more integrated model. Within this case study, the focus is on strategic international sales partner selection as an isolated part of a firm's internationalization strategy. Could this model be part of a larger process? In the findings we see that sales managers are already working (whether or not formalized) in a stage driven process towards partnership selection. Further research could work towards stages during the growth of the cooperation between focal firm and partner.

For future research it would be interesting to integrate the selection process in the partner portfolio of the focal firm. The focal firm could have different partner profiles for different markets worldwide. What is the influence of a strategic market on the partner selection process? The selection process can be more different when different strategic international sales partners are positioned within the portfolio strategy of the focal firm.

The model could be tested. In order to find out if the strategic international sales partner selection model works for other firms, the proposed stage drive selection model could be tested. The model should be tested on more firms that follow the international strategy through international sales partners.

References:

- Aguilar, F. X., & Vlosky, R. P. (2007). Consumer willingness to pay price premiums for environmentally certified wood products in the US. *Forest Policy and Economics*, *9*(8), 1100–1112.
- Al-Khalifa, A. K., & Peterson, S. E. (1999). The partner selection process in international joint ventures. *European Journal of Marketing*, *33*(11/12), 1064–1081.
- Altinay, L. (2006). Selecting partners in an international franchise organisation. *International Journal of Hospitality Management*, *25*(1), 108–128.
- Altinay, L., Brookes, M., & Aktas, G. (2013). Selecting franchise partners: Tourism franchisee approaches, processes and criteria. *Tourism Management*, *37*, 176–185.
- Anderson, E., & Gatignon, H. (1986). Modes of foreign entry: A transaction cost analysis and propositions. *Journal of International Business Studies*, *17*(3), 1–26.
- Bell, J., McNaughton, R., Young, S., & Crick, D. (2003). Towards an integrative model of small firm internationalisation. *Journal of International Entrepreneurship*, *1*(4), 339–362.
- Bierly III, P. E., & Gallagher, S. (2007). Explaining alliance partner selection: fit, trust and strategic expediency. *Long Range Planning*, *40*(2), 134–153.
- Bleeke, J., & Ernst, D. (1990). The way to win in cross-border alliances. *Harvard Business Review*, *69*(6), 127–135.
- Boeije, H. R. (2009). *Analysis in qualitative research*. Sage. Retrieved from <http://books.google.nl/books?hl=nl&lr=&id=z1Z0Rlx-izwC&oi=fnd&pg=PP2&dq=hennie+boeije&ots=-5e4fwORxC&sig=S1QRPPj38-WZgXzGC1MS1B9-IT8>
- Brendel, L. H. (1951). Where to find and how to choose your industrial distributors. *Sales Management*, *15*, 128–132.
- Brouthers, K. D., Brouthers, L. E., & Wilkinson, T. J. (1995). Strategic alliances: choose your partners. *Long Range Planning*, *28*(3), 2–25.
- Büyüközkan, G., & Arsenyan, J. (2012). Collaborative product development: a literature overview. *Production Planning & Control*, *23*(1), 47–66.

- Chen, H.-M., & Tseng, C.-H. (2005). The performance of marketing alliances between the tourism industry and credit card issuing banks in Taiwan. *Tourism Management, 26*(1), 15–24.
- Choy, K. L., & Lee, W. B. (2002). A generic tool for the selection and management of supplier relationships in an outsourced manufacturing environment: the application of case based reasoning. *Logistics Information Management, 15*(4), 235–253.
- Chung, S. A., Singh, H., & Lee, K. (2000). Complementarity, status similarity and social capital as drivers of alliance formation. *Strategic Management Journal, 21*(1), 1–22.
- Claycomb, C., & Frankwick, G. L. (2004). A Contingency Perspective of Communication, Conflict Resolution and Buyer Search Effort in Buyer-Supplier Relationships. *Journal of Supply Chain Management, 40*(1), 18–34.
- Cummings, J. L., & Holmberg, S. R. (2012). Best-fit alliance partners: the use of critical success factors in a comprehensive partner selection process. *Long Range Planning, 45*(2), 136–159.
- Dacin, M. T., Hitt, M. A., & Levitas, E. (1997). Selecting partners for successful international alliances: examination of US and Korean firms. *Journal of World Business, 32*(1), 3–16.
- Dacin, M. T., Oliver, C., & Roy, J.-P. (2007). The legitimacy of strategic alliances: An institutional perspective. *Strategic Management Journal, 28*(2), 169–187.
- Das, T. K., & He, I. Y. (2006). Entrepreneurial firms in search of established partners: review and recommendations. *International Journal of Entrepreneurial Behaviour & Research, 12*(3), 114–143.
- Doherty, A. M. (2009). Market and partner selection processes in international retail franchising. *Journal of Business Research, 62*(5), 528–534.
- Dong, L., & Glaister, K. W. (2006). Motives and partner selection criteria in international strategic alliances: Perspectives of Chinese firms. *International Business Review, 15*(6), 577–600.
- Duisters, D., Duysters, G., & De Man, A.-P. (2011). The partner selection process: steps, effectiveness, governance. *International Journal of Strategic Business Alliances, 2*(1), 7–25.
- Dyer, J. H., & Singh, H. (1998). The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *Academy of Management Review, 23*(4), 660–679.

- Elmuti, D., & Kathawala, Y. (2001). An overview of strategic alliances. *Management Decision*, 39(3), 205–218.
- Emden, Z., Calantone, R. J., & Droge, C. (2006). Collaborating for new product development: selecting the partner with maximum potential to create value. *Journal of Product Innovation Management*, 23(4), 330–341.
- Fischer, C., Aguilar, F., Jawahar, P., & Sedjo, R. (2005). Forest certification: Toward common standards? *Resources for the Future*, Washington, DC, 28.
- Freeman, S., Edwards, R., & Schroder, B. (2006). How smaller born-global firms use networks and alliances to overcome constraints to rapid internationalization. *Journal of International Marketing*, 14(3), 33–63.
- Gabrielsson, M., & Manek Kirpalani, V. H. (2004). Born globals: how to reach new business space rapidly. *International Business Review*, 13(5), 555–571.
- Gale, A., & Luo, J. (2004). Factors affecting construction joint ventures in China. *International Journal of Project Management*, 22(1), 33–42.
- Geringer, J. M. (1991b). Strategic determinants of partner selection criteria in international joint ventures. *Journal of International Business Studies*, 41–62.
- Geringer, J. M. (1991a). Strategic determinants of partner selection criteria in international joint ventures. *Journal of International Business Studies*, 41–62.
- Ghodsypour, S. H., & O'Brien, C. (1998). A decision support system for supplier selection using an integrated analytic hierarchy process and linear programming. *International Journal of Production Economics*, 56, 199–212.
- Glaister, K. W., & Buckley, P. J. (1997). Task-related and Partner-related Selection Criteria in UK International Joint Ventures. *British Journal of Management*, 8(3), 199–222.
- Goodman, L. E., & Dion, P. A. (2001). The determinants of commitment in the distributor–manufacturer relationship. *Industrial Marketing Management*, 30(3), 287–300.
- Harland, C. M., Lamming, R. C., Zheng, J., & Johnsen, T. E. (2001). A taxonomy of supply networks. *Journal of Supply Chain Management*, 37(4), 21–27.

- Hitt, M. A., Dacin, M. T., Levitas, E., Arregle, J.-L., & Borza, A. (2000). Partner selection in emerging and developed market contexts: Resource-based and organizational learning perspectives. *Academy of Management Journal*, 43(3), 449–467.
- Hitt, M. A., Tyler, B. B., Hardee, C., & Park, D. (1995). Understanding strategic intent in the global marketplace. *The Academy of Management Executive*, 9(2), 12–19.
- Hrabovsky, E. E. (2003). *Global demand for certified hardwood products as determined from a survey of hardwood exporters*. West Virginia University. Retrieved from <https://eidr.wvu.edu/eidr/documentdata.eIDR?documentid=3074>
- Islam, S., Ali, M. Y., & Sandhu, M. S. (2011). Partner selection criteria in international joint ventures: perspectives of foreign investors from Asian NIEs of Malaysia and India. *Asia Pacific Business Review*, 17(01), 25–43.
- Johanson, J., & Vahlne, J.-E. (1977). The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 23–32.
- Jones, D. (2012, September 18). The Sixth European Conference on Wood Modification. University of Ljubljana. Retrieved from http://www.ecwm6.si/Files/ECWM6_Proceedings.pdf
- Julian, C. C., & O’Cass, A. (2002). Examining the internal-external determinants of international joint venture (IJV) marketing performance in Thailand. *Australasian Marketing Journal (AMJ)*, 10(2), 55–71.
- Justin Peckham | LinkedIn. (n.d.). Retrieved July 20, 2014, from <https://www.linkedin.com/pub/justin-peckham/16/2/453>
- Kahraman, C., Cebeci, U., & Ulukan, Z. (2003). Multi-criteria supplier selection using fuzzy AHP. *Logistics Information Management*, 16(6), 382–394.
- Knight, G. A., & Cavusgil, S. T. (2004). Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies*, 35(2), 124–141.
- Kumar, V., Stam, A., & Joachimsthaler, E. A. (1994). An interactive multicriteria approach to identifying potential foreign markets. *Journal of International Marketing*, 29–52.

- Kwon, I.-W. G., & Suh, T. (2004). Factors affecting the level of trust and commitment in supply chain relationships. *Journal of Supply Chain Management*, 40(2), 4–14.
- Li, S. X., & Rowley, T. J. (2002). Inertia and evaluation mechanisms in interorganizational partner selection: Syndicate formation among US investment banks. *Academy of Management Journal*, 45(6), 1104–1119.
- Luo, Y. (1997). Partner selection and venturing success: the case of joint ventures with firms in the People's Republic of China. *Organization Science*, 8(6), 648–662.
- Lu, Y. (1998). Joint venture success in China: how should we select a good partner? *Journal of World Business*, 33(2), 145–166.
- Madsen, T. K., & Servais, P. (1997). The internationalization of born globals: an evolutionary process? *International Business Review*, 6(6), 561–583.
- Moen, Ø., Bolstad, A., Pedersen, V., & Bak\aa as, O. (2009). International Market Expansion Strategies for High-Tech Firms: Examining the Importance of Different Partner Selection Criteria when Forming Strategic Alliances. *International Journal of Business and Management*, 5(1), P20.
- Nielsen, B. B. (2002). How do Firms Select Their Partner for International Strategic Alliances? An Empirical Investigation of the Drivers of International Strategic Alliance Formation. *Copenhagen Business School*. Retrieved from <http://openarchive.cbs.dk/bitstream/handle/10398/6539/bn-how20do20firms.pdf>
- O'Leary-Kelly, S. W., & J Vokurka, R. (1998). The empirical assessment of construct validity. *Journal of Operations Management*, 16(4), 387–405.
- Osborn, R. N., & Hagedoorn, J. (1997). The institutionalization and evolutionary dynamics of interorganizational alliances and networks. *Academy of Management Journal*, 40(2), 261–278.
- Palmatier, R. W., Scheer, L. K., & Steenkamp, J.-B. E. (2007). Customer loyalty to whom? Managing the benefits and risks of salesperson-owned loyalty. *Journal of Marketing Research*, 44(2), 185–199.
- Parkhe, A. (1991). Interfirm diversity, organizational learning, and longevity in global strategic alliances. *Journal of International Business Studies*, 579–601.

- Pedersen, T., Petersen, B., & Benito, G. R. (2002). Change of foreign operation method: impetus and switching costs. *International Business Review*, 11(3), 325–345.
- Pegram, R. M. (1965). Selecting and evaluating distributors. National Industrial Conference Board New York. Retrieved from <http://library.wur.nl/WebQuery/clc/404746>
- Rialp, A., Rialp, J., Urbano, D., & Vaillant, Y. (2005). The born-global phenomenon: a comparative case study research. *Journal of International Entrepreneurship*, 3(2), 133–171.
- Rowell, R. M., Kattenbroek, B., Ratering, P., Bongers, F., Leicher, F., & Stebbins, H. (2008). Production of dimensionally stable and decay resistant wood components based on acetylation. In *Proceedings of the 11DBMC International Conference on Durability of Building Materials and Components, Istanbul, Turkey*. Retrieved from <http://www.ritikaawood.com/downloads/Production-of-dimensionally-stable.pdf>
- Salavrakos, I.-D., & Stewart, C. (2006). Partner selection criteria as determinants of firm performance in joint ventures: evidence from Greek joint ventures in Eastern Europe. *Eastern European Economics*, 44(3), 60–78.
- Schifrin, M. (2001). Is your company magnetic. *Forbes*, 21, 16.
- Shah, R. H., & Swaminathan, V. (2008). Factors influencing partner selection in strategic alliances: the moderating role of alliance context. *Strategic Management Journal*, 29(5), 471–494.
- Sofaer, S. (1999). Qualitative methods: what are they and why use them? *Health Services Research*, 34(5 Pt 2), 1101.
- Su, Y.-S., Tsang, E. W., & Peng, M. W. (2009). How do internal capabilities and external partnerships affect innovativeness? *Asia Pacific Journal of Management*, 26(2), 309–331.
- Swoboda, B., Schwarz, S., & Hälsig, F. (2007). Towards a conceptual model of country market selection: Selection processes of retailers and C&C wholesalers. *International Review of Retail, Distribution and Consumer Research*, 17(3), 253–282.
- Tatoglu, E. (2000). Western joint ventures in Turkey: strategic motives and partner selection criteria. *European Business Review*, 12(3), 137–147.

The new SME definition. Retrieved from

http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf

Tomlinson, J. W. (1970). *The joint venture process in international business: India and Pakistan*. MIT Press. Retrieved from <http://18.7.29.232/handle/1721.1/1750>

Ulas, D. (2005). Motives and partner selection criteria for formulation of IJVs in high-technology industries in Turkey. *Problems and Perspectives in Management*, 3, 10–21.

Utterback, J. M., & Abernathy, W. J. (1975). A dynamic model of process and product innovation. *Omega*, 3(6), 639–656.

Varis, J., Kuivalainen, O., & Saarenketo, S. (2005). Partner selection for international marketing and distribution in corporate new ventures. *Journal of International Entrepreneurship*, 3(1), 19–36.

Wagner, E. R., & Hansen, E. N. (2005). Innovation in large versus small companies: insights from the US wood products industry. *Management Decision*, 43(6), 837–850.

W Creswell, J. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches*. SAGE Publications, Incorporated.

Why Strategic Alliances Don't Work. (n.d.). Retrieved June 26, 2014, from <http://www.forbes.com/2002/07/01/0701alliances.html>

Wu, W. Y., Shih, H.-A., & Chan, H.-C. (2009). The analytic network process for partner selection criteria in strategic alliances. *Expert Systems with Applications*, 36(3), 4646–4653.

Yan, A., & Gray, B. (1994). Bargaining power, management control, and performance in United States–China joint ventures: a comparative case study. *Academy of Management Journal*, 37(6), 1478–1517.

APPENDIX

List of tables

Table 1: Geringer - Brouthers compared.....	10
Table 2: Overview on partner selection research	14
Table 3: Task-related criteria.....	15
Table 4: Partner-related criteria.....	17
Table 5: Learning related criteria	19
Table 6: Risk-related criteria	20
Table 7: Partnership selection criteria categories	20
Table 8: Interviewee details	27
Table 9: Interviews core figures.....	28
Table 10: Positive aspects of a potential partner	36
Table 11: Learning related criteria	39
Table 12: Learning-related criteria – the transfer of knowledge	39
Table 14: Simplified selection process.....	46

List of figures

Figure 1: Strategic partner selection.....	8
Figure 2: Traditional partner selection criteria – the school of Geringer (1991).....	11
Figure 3: Extended partner selection criteria - Geringer (1991) - Cummings (2012)	14
Figure 4: Strategic partner selection.....	21
Figure 5: The partner selection model.....	24
Figure 6: Research design – partnership selection criteria	26
Figure 7: Desk research process.....	26
Figure 8: Chapter structure.....	30
Figure 9: Important criteria mentioned during the interviews.....	43
Figure 10: Simplified selection process	47
Figure 11: Optimized selection model	50

Appendix 1: Case study of Accsys technologies.

In March 2008 Titan Wood PLC and Accsys Technologies PLC² won the ‘egg of Columbus’ price for the overall Dutch National Award for Sustainability Innovation.³ This path started in 2005 after three years of positive studies, certifications and registrations - Accoya® the extremely durable high tech wood - was recognized as proven invention. *Ready to market*. In an international landscape with a pretentious ‘new to the world’ innovation the choice to market internationally is straight forward (Jones, 2012). The firm’s process of internationalization has long been seen as incremental process or mechanism where market knowledge resulted in commitment in the foreign market (Johanson & Vahlne, 1977). A slow stage based process that Accsys was not indented to go true (Kumar, Stam, & Joachimsthaler, 1994). The market knowledge had to be absorbed faster. It was a strategic choice to internationalize. The environmental science and technology company’s main focus is research – that led to the invention – but Accsys was initially not commercially focused. The question raised: how to market quickly, lean, successful and on own resources? Could a partnership selection help? Turnover had to be generated within a limited time frame as it would secure future research. This internationalization strategy (IS) and the entry mode selection (EMS) and consequently International Market Selection (IMS) was the challenge of Accsys’ management (Anderson & Gatignon, 1986). Considering the chosen strategy, Accsys can be seen as a technologic

² From here on Accsys Technologies PLC will be written as Accsys or the company to improve readability

³ <http://nos.nl/artikel/69419-ei-van-columbus-naar-houtsoort.html>

intensive born global.⁴ Facing the challenges of marketing a radical innovation by an infant company during turbulent economic conditions and start-up years was the challenge Accsys was facing eight years ago. Eight years of IS with different approaches and different entry modes. From a broad view this preface leads to the statement: ‘developing better and more realistic models of mode choice will help scholars gain a better understanding of how firms can internationally grow and maintain performance’ (Pedersen, Petersen, & Benito, 2002). This thesis is about finding the criteria to select partners.

Accsys invented Accoya: a durable modified wood. This modification results in R&D costs which in return results in a higher product price. As environmental awareness, the nature of the product and price, quality and availability of information do all affect the willingness to pay for a certified forest product price is by far most important to market the invention. Accsys meets most of the aspects: Accoya is in the second status of the innovation process and ready for sales-maximizing focus (Utterback & Abernathy, 1975). An increasingly demand proven by several studies show that the willingness to buy certified and environmental friendly forest products does exist. (Fischer, Aguilar, Jawahar, & Sedjo, 2005). Furthermore a continuously rising demand of tropical hardwood (Hrabovsky, 2003) and the existence of a market that is willing to pay a premium (Aguilar & Vlosky, 2007) presumes that commercialization is feasible. So, the assumption that a commercial market for Accoya exists is plausible. From a technological insight the innovation beats competitive products on many aspects (Rowell et al., 2008). One could state: *lights are all on green with Accoya in pole position. But is this enough to win the international race before the company runs out of resources?*

Case setting: raise money, commercialize and go the market. Accsys was founded in 2005 after a successful admission to AIM (Alternative Investment Market) in London on October 26th 2005. Founded as the new-born technology spinoff of the Accsys Chemicals PLC the firm targeted a different market and a different product. The new venture was pursuing the core business: (1) Technology development of wood acetylating⁵, (2) the commercialization of innovative high tech products. The latter activity (2) was created at start-up mainly to finance the core business and prove future licensees the value of the process, the plant in Arnhem is a research plant. The core technology is acetylating wood, the first tangible product was branded as ‘Accoya®’. The mechanical completion of the production facility with a capacity of 30.000 m³ was planned in Q3 of 2006 with the commercial start-up short after.⁶ The primary international entry mode strategy of Accsys as stated in the 2005 first interim results is “**maximize returns through licensing the Group’s production technology**” and to exploit its first mover advantage. *Which is only possible to keep ahead and market before the competition.* On 3 July 2006 Accsys registered the brand name Accoya®.⁷ March the following year the first production batch of Accoya was produced.⁸ In this year Accsys is focusing on the utilization of the reactor which is at that time a modest 30.000 cubic meters, the same annual report introduced the plans to double production capacity to 60.000 cubic meters by building a second reactor. As concluded by the former CEO of Accsys Mr. Paterson-Brown: “**we have created a strong solid base from which we are able to expand our business on a global scale**”. In line with the core business of the Technologic development strategy Accsys introduced in 2009 Tricoya® an acetylated fiberboard (MDF) wood product. Meanwhile the financial crisis and credit crunch starts also to affect the positive outline of CFO Mr. Kevin Wood in June 2009. As the financial crisis continued Accsys was forced to make a major impairment on future license revenues. Resulting in delaying the innovation to be commercialized and heading to a major net loss. Meanwhile gaining process improvements and new labels as the Cradle to Cradle gold brings Accoya to a stage II innovation (Utterback & Abernathy, 1975) proven by substantial

⁴ Annual report 2012 – Accsys Technologies PLC

⁵ Annual Report 2006 - Accsys Technologies PLC

⁶ Interim Results 2005 – Accsys Technologies PLC

⁷ BOIP: Accoya (<https://register.boip.int/bmbonline/details/trademark/show.do?markNumberType=EUR&markNumber=4497335&markID=1968558>)

⁸ Annual Report 2007 – Accsys Technologies PLC

numbers of studies.⁹ Answering the green movement in society Accsys proves in 2010 Accoya to be a product with extreme low carbon footprint, as low as 140 times less than aluminum. Furthermore the list of certifications and registrations grew sustained and covered a larger geographical area. In 2011 the superiority of acetylated wood received recognition from Building Research Establishment (BRE), Timber Research and Development Association (TRADA) and from several other national and international bodies. The most present-day milestone was set as Accsys entered a conductional license agreement with Solvay for the Counsel of Europe countries (except home markets Netherlands, Belgium, Ireland and UK). Solvay is currently investigating the market possibilities for Accoya. By the second half of 2013 the license should be signed for 63.000 cubic meter of Accoya wood.^{10 11} As time lapsed the in 2005 stated core business was changed to the current business units of Accsys Technologies PLC (1) the commercial scale Accoya® wood production facility in the Netherlands, (2) the Technology development and (3) Accoya® and Tricoya® Technology licensing.

The past eight years of the internationalization strategy.

Accsys started with a first interim report in 2005 with a financial year ending at 31 March annually. During the past eight years Accsys succeeded on a regular basis to raise additional funding by issuing ordinary stocks. Although not yet overall profitable the company seems financial healthy with a minor operational profit. In order to give a good reflection and an objective view on realized results the statements and facts are put into appendix 2. By doing an annual report comparison from 2005 till 2013 the core figures are summarized in above figure. The annual wood revenue grew yearly from 2008 up until 2013. Instead of aiming on licensees the partner development was initiated from 2009 and shows a continuous growth up to 44 partners and partners in July 2013¹².

The role of partners

Accsys is a high tech company with a technical focus. The company was founded as a technological spin-off from Accsys Chemicals LTD operating in the in chemical industry. The timber industry and the wood industry is their end user market which is served by their selected partners. Despite several innovative wood inventions the wood and timber industry could be seen as commodity industry with a focus on process innovation (Wagner & Hansen, 2005). The conventional industry model is formed by extensive vertical integration from wood plantation till retail. Besides the conventional industry several organizations are seeking for innovative products with wood as source with an annual conference for wood modification held in Ljubljana in 2012. Within the chemical industry the process of acetylating is widely used¹³. The actual challenge emerges in the specific application of acetylating wood and the commercialization of the innovative product within the same company structure and strategy. Assuming that partners can be found as there are 44 in place by the time writing. How can Accsys commercialize the innovation in the home market and to internationalize the innovation simultaneously? More specific, in order to commercialize the innovation on a global scale: how can Accsys design their dealer selection criteria?

Development of partners

By the moment of writing Accoya is distributed and used in 41 countries worldwide. Accsys has developed a dealer network of 61 distribution, agency, and supply agreements worldwide. Several partners have an exclusive partnership within their domestic market where in other markets partners share their license to sell Accoya with other companies. In 2007, the annual report stated “we expect to announce a number of

⁹ <http://www.accoya.com/downloads/> for a vast overview in licenses, studies and specs.

¹⁰ Annual report 2012 – Accsys Technologies PLC

¹¹ http://www.rhodia.com/en/news_center/news_releases/Rhodia_Acetow_agreement_AccsysAccoya_020712.tcm

¹² Interim Management statement - <http://www.accsysplc.com/wp-content/uploads/2013/09/20130730-Interim-management-statement.pdf> p.1

¹³ Annual report 2012 – Celanese p.8

new licenses during the course of the year on a wide geographic scale"¹⁴. This indicates that already before commercialization of the innovation, contact with optional licenses were broadly explored as part of the strategy. On 25th of June 2007 was the following partnership construction announced with Skanfore S.A. The licensee took an option on 500.000 m³ of Accoya production. Skanfore S.A. would be a mediating party for several identified licensees in the Gulf region, Russia, China and Malaysia, and South Africa. (Skanfore could be seen as ‘super dealer’) This meant an initial boost to the worldwide expansion of licensee exploration. With the licensee Diamond Wood in China, the out licensed cubic meters added up to 1,070,000 m³ of license options in March 2009 annual report.¹⁵ Although the difficulties in fundraising for Diamond Wood China was in 2009 already mentioned in the risk section. Impairment of the participation in de Diamond Wood of €35 million was mentioned. In the annual report of 2010 the impairment is made and revenues drop to a history low of minus 52 million Euros. Besides this impairment future outline in China and Middle East are less certain due to economic unstable future and the credit crunch in 2008. After this setback, the focus shifted more to the growth in number of partners, which was as a consequence rapid from 2009 till 2014 with a growth from 2 until 61 distribution agreements. Currently more dealer agreements are in process. With the use of a design oriented approach this thesis aims to grasp this process. Sketch the current shape and find out where optimization is possible.

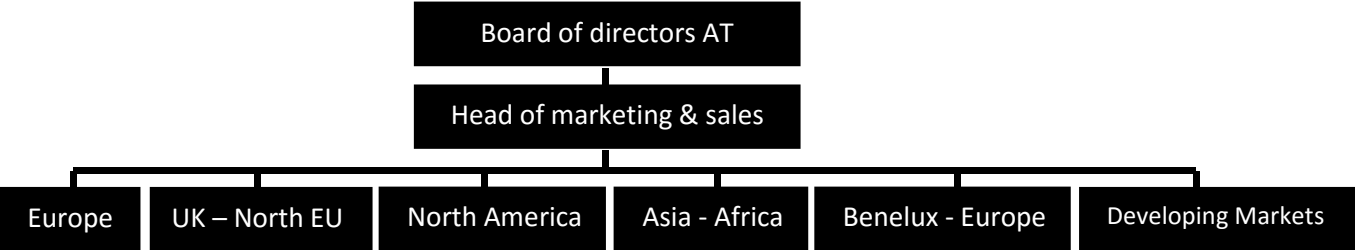
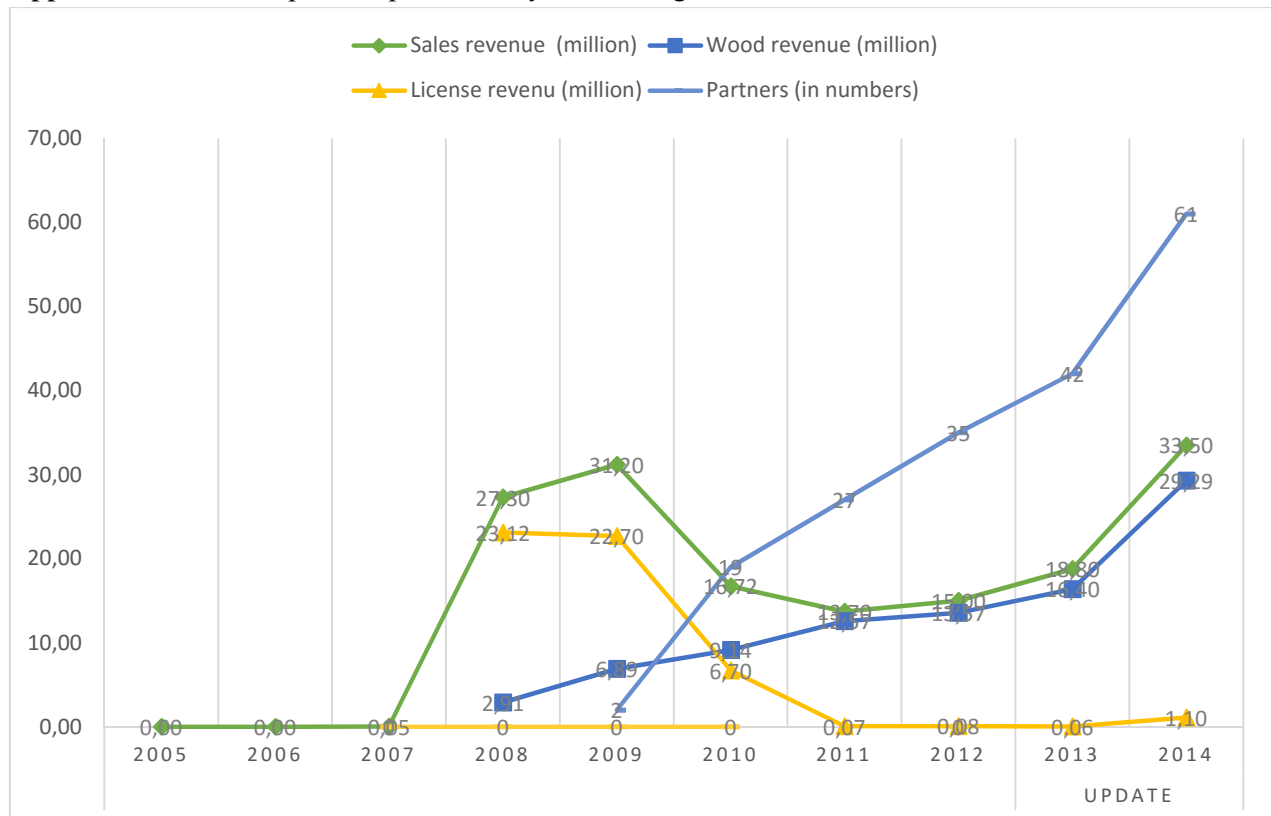


Figure: Organization structure Accsys Technologies PLC

¹⁴ Annual report 2007 – Accsys Technologies

¹⁵ Annual report 2009 – Accsys Technologies PLC p. 9

Appendix 2: Partnership development Accsys Technologies PLC



Appendix 3: Summary intake interview

Main message: Having the partner selection criteria identified would be of high value.
 Company: Accsys Technologies PLC
 Function: Head of sale & marketing Accsys PLC
 Date: 01 November 2013
 Duration: 90 minutes

As head of marketing and sales, the problem the owner faces the task to bring an innovative product to the global market, educate people, and commercialize the product. The belief of the business problem owner is that by selecting appropriate partners, inspiring and educating people the product gains demand from the end users. Currently the company finds the end user and works the market up. The sales teams of the company jump the channel to the end user and we work up. Accsys Technologies needs to find a dealer with **stockholding capacity, a network, a financial stable position, equal values**, and so on. “When it ‘snowballs’ up to us we need to find these good partners, and yes; there could be much improved”. A used future approach used by Accsys technologies was demanding towards partners. This resulted in negative effects. Partners made promises that would not come true.

There is a correlation between sales and number of partners. Consequently this means that more partners result in higher turnover. The company does not have a strategic approach or structured to use partnership selection criteria and to select a partner. **“Having that as a research would be good. Having identified what the top 5 to 10 partners in a country would be would be of high value for us” or “if you could construct a list of the 10 factors of descriptive words that cover good partners to match this list with new partners that would be significant improvement.”** Accsys Technologies doesn’t use penalties and binding turnover agreements. Instead the company use incentives for outperforming partners in monetary forms as discount percentage on turnover. The company does analyze the partners but needs to give partners a long time to prove themselves. If at the beginning of this time consuming process there could be a selection method it could be very helpful. What Accsys Technologies recognized and monitored is already

a learning curve within the partnership selection criteria development. I.e. during several cases the approach to partners developed. The current strategy of the company is to find more partners in different markets.

The intake interview and the context of the company: As Accsys states in their annual report in 2010: “...strategy for growth envisages the group selling new or existing products and services **into other countries or into new market.**” This means entering new markets with partnerships. However, how can the Group successfully execute this strategy for growth? The development of a market for a new product or process is affected by many factors, often factors which are beyond the control of the Group. This includes the emergence of newer and more competitive products or processes and the future price of raw materials. If a mass market fails to develop or develops more slowly than anticipated, the Group may fail to achieve profitability.¹⁶ This thesis aims to predict **uncertainties** by giving a scientific view on the partner selection criteria Accsys could use. Accsys Technologies PLC could partly be defined R&D oriented company. Their strategy is to enter the global market via local partners. The strategy of Accsys has *advantages* (Bell, McNaughton, Young, & Crick, 2003), the leverage could increase; a relatively low investment of going international (Knight & Cavusgil, 2004); global reach within several years and several other in literature described advantages. The main advantage; the core business of the company stays focused on R&D. Consequently, the company relies on their partners to serve the end users of their main product ‘Accoya’. The marketing effort that the company makes is based on general marketing as branding and providing a source of information¹⁷. The partners form the essential link in the sales step of marketing the innovation. A partner actively approaches Accsys’ or Accsys acts proactive and approaches a dealer; at this point there should start a designed way of screening via *partner selecting criteria in order to explore the potential partner. Current data shows that performance among partners is quite divergent*^{18 19}. This raised the question to what extend the partner selection criteria could be designed in order to positively influence the future performance of an intermediary. This thesis will be based upon the foundation of the problem statement.

Appendix 4: Research aim

The formulation of the research aim started with an **intake interview** with head of marketing and sales of Accsys Technologies PLC: The goal of this intake interview is the exploration and validation of the research question.

Intake interview: validate the research question						
No		Skype / in person	Date	Country	Duration min.	Function
1	Bryan Crenell	In person	Nov 13	NL	90	Head of sales Accsys

This **exploration** is done as part of the formation of the research question. For the **full intake interview** and **annual report research** see the **appendix**. The intake validates the project proposal and provide sufficient material for a literature research about partner selection criteria. The main message of this intake interview “Having the partners selection optimized and the best partners identified would be of high value” as said by the head of sales & marketing at Accsys Technologies PLC. This led to the following **research aim: optimization of the strategic international sales partner selection process.**

¹⁶ Annual report 2010 – Accsys Technologies PLC p. 9

¹⁷ Problem owner interview within this thesis 01/11/2013

¹⁸ Annual reports 2005 - 2013 – Accsys Technologies PLC <http://www.accsysplc.com/investor-relations/financials-2/#>

¹⁹ <http://www.accsysplc.com/wp-content/uploads/2013/09/March-2013-Annual-Report-and-Accounts.pdf> p.02

Appendix 5: Interview invitation

Dear [interviewee],

Your contact details were provided by **Bryan Crenell**.

I'm a **MBA Student**, writing my thesis at Accsys Technologies PLC.

The subject of the research is **partner selection** and therefore I would like to invite you for a **short interview**. As you form the link between Accsys Technologies and potential partners.

This interview can be done via **Skype** and would take around **30 minutes** – up to 45 minutes if the situations shapes the possibility. The **interview subject** could be best described as evaluate the partner selection criteria used by yourself.

It would be very helpful to me if we could plan a skype meeting between 1 and 10th of June.

In case of any questions please contact me: janjaapm@gmail.com

Question: 45 minutes interview

When: June 2014

Skypename: Mevoreizen

To give you an insight in my research here is the 'preface' to introduce you:

Imaging yourself standing in front of a colorful fruit stand on the market. Your goal is set: pick the most tasteful fruit. But, it seems impossible. Too much choice, too expensive, and too time consuming to taste all the fruit that the stand has to offer. You need to find a way – or **criteria** - to distinguish the tasteful fruit from all the others. Find a way to select the most tasteful one of its kind... taste is inside and we need to find the signs that are revealed on the surface in order to make the best choice possible based on the limited knowledge you have. This thesis aims to identify the criteria to make the best possible decision for Accsys Technologies' fruit store; **new partners**.

Looking forward to hear from you,

Jan Jaap Meendering

Appendix 6: Interview framework

Master Thesis

Place and Date

Author

Student Number

Master program

Specialization

First supervisor

Second supervisor

External supervisor

University of Twente

Drienerlolaan 5

7522 NB ENSCHEDE

INTERVIEW GUIDE

Deventer, June 2014

Jan Jaap Meendering

s1188860

Master Business Administration

Innovation Management and Entrepreneurship Track

University of Twente

PD Dr R. Harms (Rainer)

Dr A.M. von Raesfeld Meijer (Ariane)

Mr. B. Crenell (Bryan)

Accsys Technologies PLC

Royal Albert House

Sheet Street SL4 1BE WINDSOR

Contents

1. Introduction to the interview	71
2. General interviewee information	71
3. Interview	72
3.1 Open interview question	72
3.2 Check the use of criteria	73
3.3 Criteria related interview questions	74
3.4 Further research	75

1 Introduction to the interview

Dear participant, first of all thanks for taking the time for having this interview. This interview is done to create an insight to the partnership selection criteria used by the company. The interview will take approximately **45 minutes to 1 hour**.

Text in **colour** is meant as guide for the interviewer or to guide the interview when additional explanation is needed in the interviewer's opinion.

2 General interviewee information

Name of interviewee	
Function of interviewee	
Age	
Number of partnership within your responsibility	
Years in function for Accsys Technologies	
Years in the current position	

Interview

The aim of this semi-structured interview is to find the current status of the company partnership selection criteria. This will be done by open question and a part of closed questions.

3.1 Open interview question

The interview starts with open questions. The goal is to explore which partner selection criteria the interviewee uses. As there is no formalised procedure of partner selection criteria within Accsys Technologies PLC the aim is to find out which criteria are currently used in the company by whom.

<u>The current status within the company</u>	
Two ways of getting partners – dealerships and licensees: we focus on dealerships	
Could you shortly introduce yourself?	open
In which markets do you work? Could you briefly describe these markets? - Differences? / Similarities?	
How many partnerships have been introduced under your responsibility? - How many people are on the team? - Was is your effort or was it more a team effort?	Open
Could you describe the selection process? - Differences? Similarities? Difficulties? (e.g. time spent, patterns, numbers of meetings)	open
Do you use selection criteria to select a partner? Find out if there are already formalized ways of selecting a potential partner	open
Could you briefly describe the nature of the partnerships between you and the local partners? Describes the way the interviewee sees his relation with the partners. This could lead to an understanding of a more task- or partner related motivation of selection criteria. It could also lead to a more clear understanding of the strategic level.	open
How would you describe the selection process? - Is this selection a rigid process? - Or more of an open discussion? - What would you prefer? (e.g. were there criteria used, was it structured or unstructured – opportunistic or strategic)	open
To what extent would you describe the partnerships as strategic partnerships? Help the interviewee by asking: - long term or short term? - build upon a culture relationship or just a trade relation - based upon a process which is used in a structural way	open
I like to zoom in on a closed partnership. Could you describe a process that went well (and well in this sense would mean: the dealer has a high turnover than Accoya)? (e.g. the more strategic the partnership selection criteria are constructed the higher the change of finding a partner with long-term fit) Doherty (2009)	open
Do you think there is a difference between partnering criteria in the early years of Accsys and now? - Has the ability to check criteria changed?	
Do you think other colleagues could learn something of your best practice? - Do you meet your colleagues often? (The other sales & marketing managers).	

<p>Did you already create a list of important factors or criteria yourself?</p> <ul style="list-style-type: none"> - Do you have partner selection method/criteria? - Can you list your most important? <p>Results in at least a top 3 or top 5 of most important selection criteria for this person. This top five could be linked to an additional question to give relative importance.</p>	open
---	------

3.2 Check the use of criteria

Do you use the following criteria? And could you briefly explain why you do or why you do not:	Yes	No
<u>Task-related criteria</u>		
Do you check financial resources of the partner - How do you do that? Credit check? Payment terms? (e.g. cash position / Annual report check / accountant check)		
Do you check the access to distribution channels? (e.g. exposure of the company, retail contracts, retain network)		
Do you check the technological resources of the partner? (e.g. the machines to process the product, logistic abilities)		
Do you check the knowledge of local market/culture that the partner has got? - Do you check the customer base? (e.g. years in the market, connection to local culture)		
Do you check the access to regulatory permits? (e.g. ability to negotiate, contacts with government)		
Do you check the material/natural resources the partner has got? (e.g. stockholding capacity)		
Do you measure the intangible assets of the partner? (e.g. trademarks, patents, licenses)		
<u>Partner-related criteria</u>		
Do you prefer a company that you know for a longer period of time, or which you have worked with before? (e.g. past association)		
I seek for a company that has compatible culture among the management teams Test: joint rules, norms and convergent interests		
Do you check the reputation of the partner? - Reputation is hard to measure, but do you go into the history? - Do you check third parties? - A market research among (e.g. check within the market how the company is known, check with some competitors, on exhibitions, check legal history)		
Do you check whether the company has complementary goals and aspiration to these of Accsys? And do you make the goals and aspirations of our company clear to the partner? (e.g. is the expectation of goals and aspiration clear, wider market coverage, diverse customers) Test: Shared goals and values		
Do you check if the relatedness to our business is appropriate? (e.g. equal values, vision, aims) Test: Relational harmony		

Do you believe trust between the partner and you is a valid criterion? - Is this in your opinion measurable? And if it is not: would there be way to 'make it measurable?'		
Do you try to find out the commitment of the agent? - Is it possible to find out if this commitment exists? - Do you try to get the commitment of the CEO? (e.g. reliable, quick response, easy and smooth cooperation)		
Do you set the expectations in an early stage? - Are the expectations by Accsys? (Such as the formal distribution agreement?) (e.g. expectations are formalized, asked or are more informal?)		
I bring personnel of the partner I in contact with personnel of our company Test: Personnel practices		
<u>Learning-related criteria</u>		
Do you measure whether the partner is able to locate specific knowledge - So if you have questions: do you get fast responses? - From the right person? (e.g. by being aware throughout the selection process whether the partners provides the company with answers)		
Do you measure if the partner communicates fast, clear and efficient? (e.g. is the partner willing to share knowledge)		
Are you able to share company knowledge with a potential partner? (e.g. learning can only flourish in equality – both sharing explicit and tacit knowledge).		
Is the partner able to share explicit and tacit knowledge?		
Does the partner share research and planning with you?		
Is the partner willing to share business intelligence, pricing, margins and so on?		
<u>Risk-related criteria</u>		
Do you make a risk analysis when starting negotiation? - Risk of failing partnership - Risk of bad reputation - Risk of bankrupt of the partner		
Do you follow a clear time frame to close a partnership? (or: when we had more time a partnership would or would not take place) Test: relational risk		
Do you monitor and evaluate the service process of the partner? Test: customer relationship risk		
Do you work with the partner through a quality control program ? (e.g. the partner needs to be trained, informed, coached to be able to deliver quality) Test: quality risks		
In general I try to oversee the uncertainties that are unable to indicate prior to the partnership. (e.g. the uncertain nature of risks is recognized and assessed).		
I do a rival identification per market in order to avoid non-partnering risks. (e.g. if you know that a competitor is entering the market, you speed up partnering processes).		

3.3 Criteria related interview questions

Internal checklist for interviewer. Did the interviewee mention the following aspects? The underlying question is whether the statement is positive for a long-term partnership or that it results in a negative influence on partnerships.

(p) = partner related statement

(t) = task related statement

(l) = learning related statement

(r) = risk related statement

Do you use the following partnership characteristics? And could you briefly explain why you do or why not:		
The partner is traditional (t)		
The partner has a long history (t)		
The partner is family owned (t)		
The partner has a big network (t)		
The partner has a broad product range (t)		
Fasten up the partnership selection process (t)		
Formalize the selection criteria (t)		
A demanding attitude towards partners (t)		
The partner had a distribution network (t)		
Willingness about transferring knowledge and capabilities (p)		
Harmony in business approach and strategies (p)		
The CEO of the partner is highly involved (p)		
Enthusiasm and commitment for the products (p)		
The partner is willing to share knowledge (l)		
The partner is learning quickly and enables personnel to follow Accsys training (l)		
Sharing R&D between the partners (and specific directly between employee) (l)		
The partner understands Accsys Technologies product (r)		
The partner has a clear and fast way of cross-partner communication (r)		
The partner has a strong own identity in the local market (r)		
The partner has ties with competitors (no exclusivity for the focal firm) (r)		

3.4 Further research: weighted criteria or relative importance of criteria

As addition to my research question I would like to ask the interviewees how they would weigh the different groups of criteria.

Task related criteria	%
Partner related criteria	%
Risk related criteria	%
Learning related criteria	%