

## How do Firms Develop Their Alliances Management Capability? A Case Study With a Multisector Brazilian Group

## Como as Firms Desenvolvem a sua Capacidade de Gestão de Alianças? Um Estudo de Caso com um Grupo Brasileiro Multisetorial

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## Abstract

The literature presents the elements that compose the Alliance Management Capacity (AMC). However, the understanding of how firms develop this capability is still a research gap. The objective of this paper is to investigate how firms develop in their internal scope the alliance management capability and the structures, tools, and processes involved. The study is based on a qualitative case study of a Brazilian multisector company that strongly relies on strategic alliances. The collected data consist of documents, observation, and interviews with 11 professionals who worked on the firm alliance's management. The main results demonstrate the development of AMC within the firm by (1) demonstrating the high commitment that favors the creation of alliances, (2) creating independent structures to manage them, (3) associating with leaders to pursue growth through alliances, (4) to encourage internal knowledge exchanges between alliances. The paper contributes to the existing literature on alliances management capabilities by showing how this capability develops over time. As a managerial implication, the AMC development process described in this paper can serve as a reference for firms that aim to develop such capability.

*Keywords:* Alliance management capability, Historical-longitudinal approach, Development of dynamic capabilities.

## Resumo

A literatura apresenta os elementos que compõem a Capacidade de Gerenciamento de Alianças (CGA). No entanto, o entendimento sobre como as empresas desenvolvem essa capacidade ainda é uma lacuna de pesquisa. O objetivo deste artigo é investigar como as empresas desenvolvem em seu escopo interno a capacidade de gerenciamento de alianças e as estruturas, ferramentas e processos envolvidos. O estudo é baseado em um estudo de caso qualitativo de uma empresa brasileira multisetorial que depende fortemente de alianças estratégicas. Os dados coletados consistem em documentos, observação e entrevistas com 11 profissionais que trabalharam na gestão de alianças da empresa. Os principais resultados demonstram o desenvolvimento da CGA dentro da empresa (1) demonstrando alto comprometimento que favorece a criação de alianças, (2) criando estruturas independentes para gerenciá-las, (3) associando-se a líderes para buscar crescimento por meio de alianças, (4) incentivar o intercâmbio interno de conhecimentos entre alianças. O artigo contribui para a literatura existente sobre as capacidades de gerenciamento de alianças, mostrando como essa capacidade se desenvolve ao longo do tempo. Como implicação gerencial, o processo de desenvolvimento da CGA descrito neste documento pode servir como referência para empresas que visam desenvolver essa capacidade.

*Palavras-chave:* Capacidade de gerenciamento de alianças, Abordagem histórico-longitudinal, Desenvolvimento de capacidades dinâmicas.

## 1 Introduction

Austrian parachutist Felix Baumgartner set three world records by free-falling into the stratosphere on October 14, 2012, breaking the sound barrier while being broadcasted live to the world. Backing the stunt, a strategic alliance between GoPro's portable camera and Red Bull's energy drink proved even firms operating in distinct industries can achieve a competitive advantage when allied. GoPro equips athletes and adventurers from all over the world to capture images of racing, acrobatics, and sporting activities events from their perspective. At the same time, Red Bull defends the strategy of providing the energy necessary for these athletes and adventurers to perform their activities. Together, they both incorporated the value of reimagining human potential, according to Red Bull's CEO Dietrich Mateschitz<sup>1</sup>.

Acting through strategic alliances has been an alternative increasingly adopted by firms searching for a competitive edge (Sluyts, Martens, & Matthyssens, 2010). Firms use strategic alliances to enter new markets, share innovation costs, increase marketing reach, or provide solutions to customers (Heimeriks & Duysters, 2007). In addition to GoPro and Red Bull, there are recent examples of alliances between firms. In 2017, Spotify, a music-streaming company, and Uber, a people-to-people Carrier, partnered. Spotify customers could listen to their favorite playlists along the way while Uber increased the customer base by offering exclusive discounts for Spotify customers. Hewlett Packard and Disney have been working together for decades, since the release of the movie Fantasia. HP developed audio equipment exclusively for Disney, and continues to this day, at the time of the opening of Disney's Mission: Space attraction, in which HP engineers and Disney creatives worked side by side to come up with the experience of a visit to space.<sup>2</sup>

When firms establish alliances, they form arrangements through which all share costs, risks, and the benefits of exploiting new business opportunities (Mohr & Spekman, 1994). It turns out that there are differences in the results firms can achieve through alliances. While some, like those mentioned above, appear to be effective in forming alliances, others seem to suffer high rates of failure. For example, a 2010 study of the success rate of US firm alliances by McKinsey and Company shows on average, 50% of alliances fail in that country (Kaplan, Norton, & Rugelsjoen, 2010).

One of the key reasons for alliances to fail is how each of the parties involved manages them. Previous literature reviews identified that the development of interorganizational relationship competencies contributes to the sustainability of competitive advantage (e.g., Nascimento et al., 2017). Additionally, recent studies have shown that alliance management capability (AMC) is a fundamental precedent for the good performance of strategic alliances (Feller, Parhankangas, Smeds & Jaatinen,

1 <https://gopro.com/en/us/news/gopro-and-red-bull-form-exclusive-global-partnership>

2 <https://www8.hp.com/us/en/hp-news/press-release.html?id=171679>

2013; Schreiner, Kale & Corsten, 2009). Alliance management capability AMC relies on the ability to capture, share, and store managerial skills and apply them to current or future alliances (Heimeriks & Duysters, 2007; Kale & Singh, 2007). Firms capture and accumulate knowledge about alliance management using their experience with alliances and translating that experience into skills (Anand & Khanna, 2000).

Over the last years, studies have been carried out aiming to prove the existence of this capability, as well as describing the key elements surrounding it (Anand & Khanna, 2000; Man & Duysters, 2005; Feller et al., 2013; Lichtenthaler, 2008; Ritala et al., 2009). However, the understanding of the capabilities that organizations demand and how these capabilities are developed within firms is a gap that has not yet been filled in research (Niesten & Jolink, 2015; Al-Tabbaa, Leach, & Khan, 2019). Many studies have sought to understand antecedents and results, but it is still necessary to understand how activities at the micro-level contribute to the construction of AMC (Kohtamäki, Rabetino, & Möller, 2018). In this context, the objective of this paper is to investigate and contribute to the literature about how firms develop in their internal scope the alliance management capability through structures, processes, and tools.

To achieve the research objective, we conducted a case study in a firm with notorious AMCs. The paper contributes to the theory by identifying how AMC evolved, as well as identifying the main events that culminated in the development of AMC. As a managerial contribution, the description of the steps that led the firm to develop AMC over time serves as a guide to other firms aiming to trade through strategic alliances.

## 2 Alliance Management Capability

Some theoretical perspectives have been used to study AMC: dynamic capabilities, organizational learning theory, and studies based on knowledge and resources of evolutionary economics (Wassmer, 2010). The evolution of AMC may be conceptualized as a dynamic process (Al-Tabbaa et al., 2019), which enables the transformation of organizational resources to achieve business opportunities (Wei & Klaus, 2019). In this paper, we adopted the dynamic capabilities perspective, using the Rothaermel and Deeds (2006) approach, which understands AMC resources include the firm's ability to adjust routines, resources, and competencies to fit in new environments. Thus, AMC is a firm's meta-capacity. Therefore, several other capabilities can be developed from it. AMC empowers firms to develop other capabilities at the lower level.

AMC is defined as the ability to capture, share, and store managerial skills and apply them to current or future alliances (Kale & Singh, 2007). Firms capture and accumulate knowledge about alliance management using their experience with

alliances and translating that experience into skills (Anand & Khanna, 2000). Through experience with alliances, they learn to manage such agreements and develop alliance management capability as a result (Heimers & Duysters, 2007). Firms develop AMC through the implementation of structures and processes designed explicitly for alliances, such as specialized departments, training, and evaluation procedures (Sluyts et al., 2010). They use tools such as guidelines or contract templates and hire outside experts to capture and apply alliance management knowledge (Kale & Singh, 2009). These structures, processes, and tools allow firms to capture, store, share, and apply alliance management knowledge.

Previous literature identified three fundamental precedents for the development of AMC: the ability to identify alliances prone to success, development of alliance managers' skills, and previous experience with alliances (Sarkar, Aulakh, & Madhok, 2009). Wang and Rajagopalan (2015) revised the literature and presented levels of alliance management capabilities for the alliance preformation stage. At the individual alliance level, AMC includes a step of partner search, which refers to the firm's effort in identifying and selecting potential collaborators, and a step of negotiation, which include the firm's ability to negotiate the terms and structures of the alliance.

## **2.1 Components of Alliance Management Capability**

Capabilities are difficult to observe (Godfrey & Hill, 1995; Rothaermel & Deeds, 2006), so researchers use proxies or elements to measure AMCs. These proxies include alliance-specific structures and processes, such as specialized departments, managers, training, and codified tools, as guidelines, contract templates, and databases (Kale, Dyer, & Singh, 2002). AMC studies assume that firms develop this capability when they specialize (through the creation of an alliance department, for example), train their managers, or encode knowledge through guidance on alliance management (Schreiner et al., 2009). Some studies characterize the variation in the performance of an alliance according to the number of structures, processes, and tools existing in the firm (Heimeriks, Klijn, & Reuer, 2009).

The present paper is based on Niesten and Jolink (2015) to characterize AMC as a composition of structures, processes, and tools developed by firms to manage alliances. Each of these dimensions is composed of a series of proxies or indicators relating to the internal firm's characteristics.

The literature on the elements making up AMCs defines a series of structures, processes, and tools representing this capability. However, even though they present diverse nomenclatures, several of these elements seem to be similar. For example, in structures, the authors mention vice-president of alliances (Hoffmann, 2005; Man & Duysters, 2005) as well as manager of alliances (Anand & Khama, 2000; Heimericks & Duyster, 2007; Lambe, Spekman, & Hunt, 2002; Sluyts et al., 2010) and a dedicated role in alliance management (Draulans, Deman, & Volberda, 2003; Kale et al., 2002).

With regards to processes of alliance management capability, the literature describes training (Sluyts et al., 2010), exchange of information between alliances (Kale et al., 2002), and formal knowledge exchange between managers and the tools (for example, templates and metrics), procedures and metrics (Sluyts et al., 2010) and management guides and manuals (Kale et al., 2002). From the literature review appointing AMC elements, we unified them into three dimensions generically described as structures, processes, and tools that support the firms in developing their alliances.

Structures consist of organizational units, and the relationship between them dedicated to capturing, sharing, and storing knowledge acquired in alliances and may include departments, managers, and teams (Heimeriks & Duysters, 2007). The structures mainly concern human resources and internal departments for the management of the alliance. Several elements are mentioned in the literature to represent structures with different nomenclatures, although all references to the presence of an alliance department or management (Kale et al., 2002; Lambe et al., 2002; Draulans et al., 2003; Kale & Singh, 2009). Other representations of structures are alliance management via dedicated alliance function (Kale et al., 2002; Kale & Singh, 2009) and interpersonal competence, including multiple characteristics (Phan, Styles, & Patterson, 2005). As an example of the impact of structures, we found that alliance specialists positively impact alliance success (Draulans et al., 2003) and that alliance function increases alliance performance (Sluyts et al., 2010).

Processes include the use of information gathered in the management of the alliance, the rotation of the firm's alliance managers, and the formal and informal forums for sharing information and evaluating alliances (Kale & Singh, 2007). These processes incorporate best practices of alliance experiences and act to capture and stimulate knowledge exchange about the management of alliances between partner firms and firm employees. We found a variety of representations of process, as the integration of communication structure (Ritter & Gemünden, 2003), interfirm councils (Lorenzoni & Lipparini, 1999), joint product development or production (Lockström et al., 2010), knowledge acquisition, articulation and codification (Kale & Singh, 2007), and the development of alliance routines (Kale & Singh, 2009; Kohtamäki & Partanen, 2016; Lorenzoni & Lipparini, 1999). This paper uses training, documentation, and execution, and incentive to represent the internal processes of alliance management capability.

The tools include manuals, guidelines, templates, databases, and contact lists that capture, share, store, and apply knowledge in alliance management (Sluyts et al., 2010). These tools are developed through processes and structures and create a database on the management of alliances that formalize and perpetuate the knowledge acquired within the firms. The structures, processes, and tools represent in different ways how researchers have measured the capability for alliance management (Niesten & Jolink, 2015). As an example of tools, we found representation in the integration of alliance specialists into operations (Draulans et al., 2003), alliance training (Draulans et al., 2003), alliance

development tools (Pagano, 2009), relationship scorecard (Kim & Kim, 2009), tool and activities for communication, interaction and dialogue (Paulraj, Lado, & Chen, 2008; Sivadas & Dwyer, 2000; Smirnova et al., 2011), and tools to develop trust and relational capital (Kohtamäki et al., 2013; Lorenzoni & Lipparini, 1999; Sivadas & Dwyer, 2000).

The unification of all these indicators presents three key elements that synthesize alliances management capability and will be used in this paper as a reference to measure the existence of capability: department or management of alliances (structures), training, documentation and execution, incentive (processes), manuals, systems and checklists (tools).

### 3 Method

To reach the paper's objective, a single case study with a qualitative approach and a historical-longitudinal perspective were performed. The choice of the case study method is because it allows us to capture how the development of AMC structures, processes, and tools occurs. The historical-longitudinal perspective in management research follows the logic of using strategies to understand the order and sequence of events throughout the life cycle of a firm and to observe the motivators of changes and their impact in the next stage of the firm's evolution (Langley, 1999).

Processual approaches and qualitative studies are needed for the development and understanding of topics, such as creation, management, integration, and learning of alliances (Kohtamäki et al., 2018). This perspective allows us to highlight phenomena from a longitudinal perspective and question the timelessness of facts, thus improving perception over the relationship between organizational variables and their transformation dynamics (Tatikonda et al., 2013).

In summary, historical-longitudinal research consists of stories about what took place, how and when it occurred. They are activities and choices in order, along the timeline, that consider the context (Langley, 1999). This approach uses real-time interviews, retrospectives, documents, and other materials that identify and describe events and processes. Thus, for the paper's purpose, the moments in which the firm's strategic decisions contributed to the development of AMC were classified as events. The method choice aims to contribute to an analytical generalization of the phenomenal instead of statistical generalization (Yin, 2003).

#### 3.1 Case selection

A firm was selected to achieve the objective of describing how AMC is developed internally. The selection of the case is intentional, based on pragmatic and theoretical criteria to the detriment of probabilistic criteria. Flick (2004) points out the importance of defining criteria for the selection of the case to be studied; otherwise, a case could be

misrepresented. In this sense, the following criteria were established for the selection of the case: a) to be a firm that has worked in alliance with other firms in a recurring manner for at least ten years; b) to have at least three active alliances at the time of the research; c) to be among the industry leaders in its country.

Based on the criteria defined, a Brazilian business group with 55 years since foundation, composed of 13 firms from retail, distribution to services and industrial areas, and annual revenues of U\$1,2 billion (2019). The Group operates in all states of the Brazilian territory and has as characteristic to work in alliance with national and multinational firms for 16 years. At the time of the research, the Group had five active alliances in leading sectorial businesses. These five alliances have raised the Group's financial results more than 30 times over the last ten years, are managed by independent structures, but operate in a complementary manner. To safeguard the identity of the business group, it is renamed Group H in this paper.

### 3.2 Data collection and analysis techniques

Data were collected through interviews, document analysis, and observation of AMC structures, processes, and tools for six months in 2017. The semi-structured interviews were carried out through a script validated previously with five experts in topics related to Strategic Alliances and an Alliances Director of a multinational company.

The choice of interviewees was intentional (Gioia, Corley, & Hamilton, 2012), and the interviewees with the greatest ability to provide information on how the alliance management capability in the firm was developed were chosen. Table 1 presents the list of interviewees' experiences and years of employment in the firm.

**Table 1.** Information about the interviewees

	<b>Interviewee</b>	<b>Firm's employment time</b>	<b>Interview duration</b>
1	Vice-President 1	30 years	92 minutes
2	Vice-President 2	10 years	42 minutes
3	Business Director/Alliance 1	25 years	48 minutes
4	Business Director/Alliance 2	20 years	54 minutes
5	HR Manager	7 years	36 minutes
6	IT Manager	15 years	49 minutes
7	Marketing Supervisor	4 years	34 minutes
8	Business Manager/Alliance 1	29 years	34 minutes
9	Business Manager/Alliance 2	20 years	35 minutes
10	Former Alliance Business Director	15 years	71 minutes
11	Alliance Partners Channel Manager	7 years	39 minutes

**Note:** Prepared by the authors.



In addition to the interviews, documents, and other materials were used to help identify the events and describe the stages that favored the development of alliances management capability. Thus, it was sought to observe in documents the functioning of the structures, processes, and tools that make up the management capability of group alliances (e.g. sites, manuals, photos, business intelligence systems, accounting documents, and contracts).

Access to various documents related to the alliances management was obtained during the collection process, such as software, manuals, photographs, and description of processes. At this point, since there was a large number of documents, Lofland and Lofland's (1984) guidelines were followed, and a pre-analysis was developed, looking for indications of the relation of internal processes, structures, and tools with the development of the alliance management capability of the chosen firm. The documentary analysis was carried out in 23 different documents, including marketing manuals of the alliances, marketing portals, and certifications, online tools of quotations for purchases and sales, contracts, plans, confidentiality documents, accounting documents, reports, and photographs. Appendix A describes the documents used in data analysis.

The methodology adopted allowed the triangulation of data (Langley, 1999), through the search for data using different sources and exploring the phenomenon under study in different dates and spaces (Denzin, 1978). Thus, the data obtained through interviews, documents, and observations were codified and organized in a longitudinal perspective according to their category, that is, the strategic decisions that culminated in the formation of structures, processes, and tools related to AMC. The data analysis and presentation model were based on the historical-longitudinal research approach in administration through the use of the 'narrative' strategy, which aims to present the detailed construction of a story from the research data (Langley, 1999).

## 4 Results

The analysis of data on AMC's firm development process allowed us to identify three distinct stages, which are presented in separate subsections. The first section, named creation of the firm, presents the creation of the firm studied and the first decision that favored the development of AMC. The second section, called growth through alliances, describes how the firm's first alliances occurred and how its management was developed. Finally, the third section, called consolidation of growth through alliances, presents the maturity of alliance management of the business group studied that culminated in its current AMC.

## 4.1 Creation of the firm

Group H is a firm based in the south of Brazil, founded in 1959, and has different businesses in the manufacturing, distribution, and retail sectors. Although it currently operates in several segments, for many years, its main business was the manufacturing of furniture, mattresses, and upholstery, through which the Group developed commercial partnerships, both to sell the products and manufacturing surplus supplies. These business relationships encouraged the Group to develop tools, processes, and structures to support the business, but none of them related to alliance management, especially since there were no alliances established at the time. All the tools and systems used in business were developed internally.

With the expansion of the industries and the adoption of verticalization strategy, Group H became a producer of raw material, manufacturer, and retailer at the same time. The Group started a process of expansion of its stores, reaching 23 branches still in the 1980s, and included in the portfolio the sale of appliances and services, as well as furniture, tools, and building materials. In the 1990s, an episode involving the stores became an important event in the development of Group H AMC. At that time, the Group started offering a new modality of payment to customers who bought appliances in their stores: 'pre-purchase financing pool' (PPFP), through a partner firm specialized in this type of sales. A few months after the partnership started, the partner firm went bankrupt and did not reimburse any of the customers who had purchased via PPFP in Group H stores.

Concerned with the demonstration of high commitment, Group H took on the responsibility of all PPFP purchases sold and came up with its system to serve customers exclusively. A PPFP system required a series of investments to comply with regulations imposed by the Federal Reserve Bank of Brazil, which were similar to the requirements necessary for the creation of a credit company. The Group decided to optimize the investment and set a financial company to offer credit solutions to its customers, in addition to PPFP.

The process of implementation of the financial and PPFP firms required exclusive structures for these two new businesses. The Group decided to create two independent structures. New employment positions and a specific management team was put in place. Although these two new businesses existed exclusively, because of the Group's retail stores, PPFP and financial firms had independent structures, processes, and tools. These decisions affected the Group's verticalization logic. Once groups started to act as independent firms with exclusive structures, processes, and tools, the other group firms started to see them differently, business-wise. Until that moment, no alliance had been made by the Group with an outside firm. However, the change of mindset PPFP and financial structures provided formed the basis for developing a business culture focused on alliances and initiated a group's internal alliance management capability.

In parallel, another event occurred simultaneously, which was the entry of the second generation of shareholders in the top management of Group H. The family of the founders began to integrate the leading positions, and a new organizational culture was introduced. This happened in the 1990s, as one of the current vice presidents of the successor group, recalls:

“Back in the year 1994, I was very much in touch with the ideas of GE’s Jack Welch and his idea that if you cannot be the first or the second-best, you’d better leave the business. At that time, we were not even in the top twenty, but his theory moved me, and I decided to implement it. For this, I needed a strategy, and it was my next step. I decided that to be a leader. I had to work directly with leaders. So I choose each of the segments where I was going to start this strategy, and I went for tools and building materials” (Vice President 1).

This strategy of seeking leadership or vice-leadership in a business or abandoning it started to be discussed frequently in Group H. With this, the search for partnerships with leading firms with more experience than Group H in the sectors had become a priority in the top management agenda. During what is called the creation phase of the firm, it is possible to identify two key moments for the development of AMC. First, with PFPF and the financial operators, there was a need to manage these firms’ relationships - autonomous and independent - with the other Group firms. The second important moment for the development of AMC relates to the strategic objective of Group H in achieving the leadership or vice-leadership of the segments in which it acted. This vision fostered the need to seek outside the organization’s borders those resources lacking at an internal level.

## **4.2 Growth through alliances**

In the early 2000s, Group H had several commercial agreements and about 80 retail stores in southern Brazil. During this period, the first strategic alliance between Group H and a Chinese tire producer took place. The alliance resulted in the creation of a new group firm focused on the distribution of Chinese tires in Brazil, with exclusive sales in two Brazilian states. The alliance gave rise to a joint plan of goals and commitments that defined the investments of each party and the financial results they sought to achieve.

Following the example of the other two already existing businesses (financial and PFPF), a dedicated and specific structure was created for the tire business. This structure followed the guidelines of the Chinese manufacturer, which had several

alliances around the world and brought a suggestion of a business model. Group H hired a dedicated manager with market experience in the field to set up this structure, manage the business, and, at the same time, manage the alliance.

It was from this first alliance that the model became a benchmark for the other alliances' Group H made in the following years. The model includes: an independent structure for each new alliance, with an experienced business manager responsible for the firm, but also for the management, the creation of exclusive processes, specific tools, and aims for the progress of the alliance. All this structure started to work under Group H's control, with a culture, process, and corporate structures behind all the Group's businesses.

At that same time, Group H decided that all areas of business support would be corporate, with one manager per area, sharing the entire business vision, and a team of dedicated people to each business's niche. The unified model of supporting areas allowed a comparison of the effectiveness of the unique structures, processes, and tools of each alliance, bringing up its model, formed through the match of best practices of each alliance, as pointed by one of the alliance directors:

“( . . ) One cool thing is that learning from these successful alliances is applied to other group businesses and other alliances managed by the Group. So, for example, a report that works very well in one business can be used in another, a process implemented by one partner that brings good results, happens to be implemented in another business of the Group, and so on” (Director of Business Alliance).

A few years after its creation, PPF, financial, and tire sales areas increased outside the Group's business, and new alliances began to pursue growth. At that moment, Group H created alliance models to seek partners to support the growth of these businesses. The finance operator set an alliance with a credit card company and launched its flag of credit cards. With this new business, other networks of retail stores that needed to expand their financing conditions for customers and offer their services were sought. This alliance led to the creation of new processes, structures, and tools within the financial sector itself. An exclusive department was created to manage the alliances, the specific processes of the credit card, and the creation and implementation of new systems to maintain this operation.

The PPF operation began developing strategic alliances with other firms aiming to expand sales territory. An alliance model was launched for exclusive resellers, which led to the creation of new firms offering Group H PPF solutions. An internal structure was created within the PPF firm to support these partners, as well as the development of mandatory management and marketing tools. All these new structures, processes,

and tools created are specific to the alliance. They were developed from models of other group alliances, such as the sales control tools and prospects that were used in the tire distribution, for example.

During what is called the growth phase through alliances, it is possible to identify a succession of events that culminated in the development of AMC. First, the beginning of the first strategic alliance with an external and independent organization of Group H. The partnership with the Chinese tire manufacturer was the entry of Group H into formal strategic alliances.

In this first alliance, the Group used its absorptive capacity to capture the know-how and replicate, at the request of the Chinese company, its success model. The second event that contributed to the development of AMC should be seen as a process, different from an isolated fact: Group H invested in an organizational structure and developed it over time. The treatment at the corporate level through independent business structures, but with processes of knowledge exchange, allowed the growth of this model. Reinventing the internal organizational structure itself contributed to the development of AMC by optimizing and disseminating best practices in each alliance.

### **4.3 Consolidation of growth through alliances**

In 2006, Group H presented good financial results and different businesses. The company increased the product line with the manufacture of sofas, tables, furniture in general and custom made, and mattresses. A new distribution center was built in the southeast of the country, and the Group's retail stores expanded to 80 stores. The stores started to include in their portfolio technology products, such as personal computers, notebooks, and printers, objects of desire in Brazilian retail at that time. In a short time, these products became best sellers, and Group H decided to invest in this area.

The Group began relationships with two major multinational firms, leaders in their fields. Multinational 1 was a world leader in the computer segment at that time and, following its strategy of joining the leaders, Group H tried an approach. One of the alliance managers was appointed for this purpose. Within a short time, Group H set up a dedicated sales structure for Multinational 1 corporate products, hired two people exclusively dedicated to this structure, and began developing a portfolio of corporate clients in the southern region of Brazil, celebrating its fourth strategic alliance.

This alliance was of fundamental importance for the development of Group H's AMC since Multinational 1 had a developed alliance model that induced the Group to implement new tools and processes required by the alliance and adjustments in systems that improved business management. The alliance was successful, Multinational 1 invited the Group to celebrate another alliance, this time to manage a network of manufacturing stores, trading under its name throughout the Brazilian territory.

Following the logic of other alliances, Group H created a structure for the new technology business stores and appointed a manager responsible for the business and the alliance. Multinational 1 had a model of how the alliance should be operated, structures, processes, and tools were created following these guidelines.

This was a period of consolidation of Group H's alliance model. Several PFPF alliances were in place with authorized dealers, a financial alliance, and two alliances with Multinational 1. All the different structures, processes, and tools created internal knowledge exchange between each one of the group firms, providing improvements. This exchange of knowledge began to take place through formal meetings between business areas, as well as informal moments in which managers exchanged experiences and shared information about their alliances. The vice-chair of Group H started to encourage these internal exchanges of experience by scheduling periodic meetings to share best practices.

In 2010, Group H owned 13 stores selling Multinational 1 products in Brazil, and was awarded the best partner in the southern region of Brazil. At that time, the Group was approached by a Multinational 2 executive for a commercial partnership practically in the same way to manage the firm's technology stores in all the national territory. Multinational 2 had a global alliance model with various requirements and the adoption of a series of new processes, tools, and structures. Although it was working to develop its internal model of alliance management, unifying structures, processes, and tools, Group H understood that at the time, it could not change the model proposed by Multinational 2 and followed the partners' guidelines. A dedicated and exclusive business/alliance manager was appointed, and structures, processes, and tools required were set.

Of all the alliances celebrated by Group H, the alliance with Multinational 2 was the one with a more mature business model. At that time, the multinational owned hundreds of stores and had alliances around the world, and its model had been well tested. Therefore, the multinational required the Group to detail each of the alliance specific structures, processes, and tools. In this stage, the Group had several alliances in progress and was seeking to create a unique and unified management model, respecting the characteristics of each business. Due to the alliance with Multinational 2, the Group had to step back and implement precisely the model proposed by the multinational. This model of alliance management had been widely tested in alliances around the world and obtained success brought further knowledge to Group H and collaborated to build its model and develop internal alliance management capability.

The exchange of information between managers of the Group H alliances continued through formal and informal meetings. The knowledge acquired in the alliance with Multinational 2 began to be implemented in other businesses. The business support areas developed their processes and tools. Specific alliance processes

and tools were improved, and the Group started using the same management system used by their largest alliance partners, Multinational 1 and Multinational 2. This allowed even greater integration of the tools used in alliance management and simplified several processes, favoring the development of a unified management model in Group H, similarly serving all alliances.

During the stage of consolidation of growth through alliances, it is possible to identify two main events related to partnerships with multinationals. In both cases, it is noticed that the model developed internally by Group H was replicated in future partnerships with few adjustments. Figure 1 summarizes the three stages described above and the main events that collaborated to develop the alliance management capability of Group H. Appendix B presents pieces of evidence collected from the interviews.

## 5 Discussion and implications

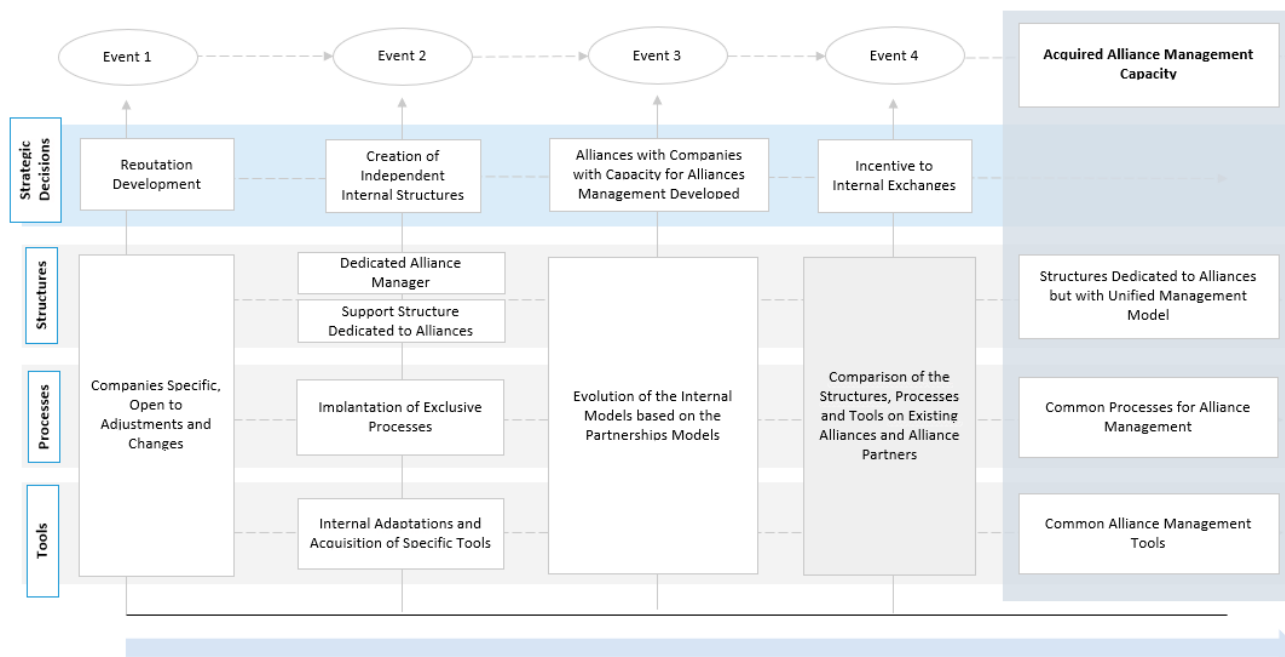
In the results section, we presented the main events found throughout the history of Group H. The narrative was organized and presented according to three distinct stages that emerged from the analysis of interviews and documents: the creation of the firm, development through alliances, and consolidation of growth through alliances. The analysis allowed us to understand how certain events contributed to the development of AMC structures, processes, and tools.

In a historical narrative, we identified that (1) the demonstration of high commitment, (2) the creation of independent structures for the different business of the Group, (3) the strategy of associating with leaders to pursue growth, and (4) the incentive to internal exchanges of experience were precedents for the success of Group H alliance strategy.

Previous literature identified three fundamental precedents for the development of AMC: the ability to identify alliances prone to success, development of alliance managers' skills, and previous experience with alliances (Sarkar et al., 2009). Those above are related to two precedents observed in Group H: the strategy of associating with the leaders to seek growth and the incentive to the internal exchange of experience. Two precedents found in Group H are not related to those found in the literature: the demonstration of commitment, which helps to build a good reputation, and the creation of independent structures for the different businesses of the Group.

The first precedent found in Group H was the demonstration of high commitment. This strategy favored the creation of the Group's first alliances. The presence of the firm's owner at initial negotiations and commitment to the agreements made influenced the creation of a good reputation, which opened opportunities for alliances and favored the growth of Group H. This precedent was not found in previous studies.

**Figure 1.** Framework for the development of internal alliance management capability



**Source:** Elaborated by the authors.

Another important precedent for the Group AMC was the development of independent structures for the different businesses, which gave rise to the strategic decision to dedicated alliance managers and experts to each alliance, which was decisive for the success of Group H alliances. By understanding each business peculiarities, the Group implemented a management model specialized in each of the alliances that started to conduct the business and the alliance, forming a link with the partners and adjusting the Group’s routines to the new business. This creation of independent internal structures was fundamental to the success of the group alliances. It guaranteed independence, so each could be managed according to its peculiarities, as well as promoting the development of internal negotiations, then replicated with success for alliances with other firms.

Besides, the formation of an internal corporate structure to support all the different alliances of Group H had a positive influence on the development of its AMC. The structures aimed to respect the characteristics of each alliance through the inclusion of experts in each business. At the same time, the structures ensure unity through support departments focused on the macro interests of the Group. This precedent was not found in the literature that analyzed the development of AMC.

Sarkar et al. (2009) presented the ability to identify alliances prone to success as a critical precedent for AMC development. This ability concerns the skills of firm managers to establish an alliance observing aspects that favor success. It relates directly to that found in Group H, to associate with leaders to pursue growth. The decision of the group managers to search for leading firms in their markets and with experienced models of strategic alliances reinforce the precedent found in the



literature. This strategy allowed the Group to internalize the learning of alliance management through the implementation of consolidated models, which gave rise to the development of the internal capability of alliances management. From the moment Group H was able to compare successful alliance models, it had the opportunity to evolve into the creation of its model.

Joining industry leaders also relates to another precedent to the development of AMC found in literature, which is the previous experience with alliances. Sarkar et al. (2009) reinforce that previous experience with alliances can be developed through experiences lived by at least one of the alliance firms, which allowed it to internalize learning experiences to be used in future alliances.

The literature presents the following precedent: development capability of alliance managers, referring to the capability of firms in an alliance to promote information exchange and learning moments favoring the constant evolution of alliance managers (Sarkar et al., 2009). This precedent relates to the encouragement of internal exchange of experiences found in Group H, through the promotion of regular meetings of information exchange and learning among the Group's alliance managers in search of improvement. One successful practice applied to one alliance was exported to another, just as processes or tools that did not work well were either improved or replaced.

Finally, we concluded that, in Group H, the order of the creation of exclusive structures, tools, and processes for alliances did not interfere in the development of AMC. The fact that the first step in the creation of each alliance has always been the definition of a dedicated business/alliance manager seems to have been decisive. This manager took on the tasks of developing the necessary structures, processes, and tools, regardless of order, but how its implementation was swift and focused on the effective development of the alliance.

Therefore, from the results and arguments found, it was possible to complement the knowledge and fill theoretical gaps about AMC. The main contribution of this paper is the presentation of how AMC is developed within a firm. This contribution responds to the call of Niesten and Jolink (2015) and Kohtamäki et al. (2018) on the need to observe through case studies how AMC is developed within the firm. Another important contribution to the development of AMC in Group H was the identification of precedents of achievement and success of the first alliances, as well as how Group H organized for the development and management of alliances.

## 6 Conclusion

This paper aimed to contribute to the investigation about how firms develop AMC through an analysis of structures, processes, and tools involved. This goal was reached through a single case study with a qualitative approach and a historical-

longitudinal perspective in a Brazilian business group with an annual turnover of around U\$ 1,2 billion. We identified the importance of demonstrating the high commitment that favors the creation of alliances and the independent structures to manage them. We found evidence that the association with leading and renowned firms, as well as internal knowledge exchange between alliances, essential precedents for the development of AMC.

From a managerial perspective, our results can inspire other firms intending to work through alliances or wishing to develop their internal AMC. In such cases, the adoption of specific structures for managing alliances, especially in the designation of dedicated managers and the creation of communication routines, can contribute to the development of AMC. As identified in the case study analyzed, these were the main elements that culminated in the development of Group H AMC.

Before concluding, we also must acknowledge the limitations of our research. The single case study method presents the process of developing AMC in one firm, limiting the findings. Hence, the findings shall be interpreted in the case study context. The findings shall not be generalized with no further investigation. New qualitative research in other firms needs to be developed to compare the processes involved in the development of AMC and move towards the creation of a model.

Moreover, this study was limited to observing the development of this capability within the firm. To suggest further studies, Niesten and Jolink (2015) point out that this capability develops at the dyad level. New studies on the subject could analyze (1) the development of internal AMC of two firms making up a dyad, (2) such development at the dyad level, (3) the development of this capability at the level and compare with the results found in this paper.

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### Appendix A. Analyzed documents

	Document	Description
1	Marketing manuals for alliances 1, 2 and 3	Manuals that determine the goals and objectives of the marketing area for each alliance and present rules for the use of marketing and proof of use of funds.
2	Alliance 2 marketing portal	The online portal developed by the alliance partner to provide logos, rules for the use of marketing materials, present new campaigns, and also to approve the alliance's marketing plans and use of cooperative funds.
3	Alliance 2 certification portal	The online portal that presents courses and tests that must be carried out by the alliance partner to be able to present and sell products and solutions. The realization of courses and tests is one of the criteria for evaluating the success of the alliance and is registered on this portal.
4	Alliance 2 online quote tool	Part of the alliance's commercial purchase and sale relationship takes place through this portal, through which quotes and discount requests are sent, and also through which product availability and expected delivery time are informed.
5	Strategic planning for alliances 2 and 3	Document developed jointly by alliance partners with 2017 strategic planning.
6	Alliances 2 and 3 Contract	The legal contract between alliance partners.
7	Confidentiality document	Additional document to the contract that presents confidentiality and ethics agreements between alliance companies.
8	Alliance 2 opportunity registration tool	The online tool through which alliance partners share detailed information about the businesses they are working on and define the actions to be taken by each party.
9	Alliance 2 CRM tool	Internal use tool of the company that records all actions taken by the company in business developed with the alliance partner.
10	Alliance 2 goals and benefits tracking portal	The online portal where alliance companies share information on achieving goals and monitoring the release of performance-related benefits.
11	Alliance 3 contract and agreement signing tool	The online tool that contains all contracts signed between alliance partners and through which contracts are digitally signed.
12	Alliance 3 sales management system	The internal system used by the company to manage sales made through the alliance.
13	Alliance 3 goal control system	Alliance's internal goal control system.

	<b>Document</b>	<b>Description</b>
14	Alliance 3 sales award circular	Internal sales campaign disclosure document.
15	Company's social contract and financial statement	Social contract and balance sheet disclosed by the company in 2016.
16	Internal document with descriptions of all alliance 2 processes	Internal document developed by the company's process management area that presents the details of each of the internal processes of each alliance.
17	Map of positions, structures, and competencies	Internal document developed by the company's HR with the position map created specifically for alliances, as well as the skills required for each position and its line of growth within the company
18	Inventory control system of the alliance businesses	An internal system that controls business stocks that occur through alliances.
19	Alliance daily sales and inventory reports	Report generated by the inventory control system that is sent directly to alliance partners with sales and available inventory information.
20	Alliance 3 training system	The system used by Alliance 3 employees to provide training.



## Appendix B. Evidences chart

### Pieces of evidence chart

<p>Reputation development</p>	<p>“( . . . ) One thing that has always accompanied us is the seriousness of the commitments made. We always act in a very ethical way. To give you an idea, we had, and we have many partnerships where a contract has never been signed. Trust has always been a point that we work hard. Several times we sit at the table to argue with a business partner, and once we have agreed with a way forward, good for all parties, we do not go out of that way. On our side, we always fulfill our part of the deal. And we always expected and kept expecting it from partners. If it didn’t, no matter how big the partner, we just stopped working with him. This has been building our reputation, which we cherish to this day. If we are committed to a company, we don’t even have to write. We will do our part (Vice President 1)”.</p>	<p>“One of the great keys to success I understand is the trust the company has always inspired and currently inspires in all alliances. First, by the direct participation of the capital owner in all major negotiations. It’s different when the owner commits, understand? Second, by the fact that all that is said is fulfilled. Today we don’t do business without a contract anymore, but in the past, one of the much-heard phrases inside here is that if we had to sit at a table to discuss a contract, there was something very wrong with the partnership or alliance. To give you an idea, we still have some older alliances that have no contract to date. There has always been a very clear discussion between the parties about the commitments made, but all discussed eye to eye (Business / Alliance Director 1)”.</p>	<p>“So, we had a partnership with this financial company and they just broke down, leaving our clients in a bad situation. We had a reputation: we will solve our customers’ problems with this company. Our own financial company was created with the intent to offer credit solutions exclusively to our customers. Then you see that the frustration of a partnership eventually gave rise to a business opportunity (Business / Alliance Director 1)”.</p>
<p>Creation of independent internal structures</p>	<p>“When the company made this decision to set up separate internal structures, each responsible for its business, despite being part of the same financial Group, then there was a great internal effort to manage these alliances within the Group itself. Because the companies that emerged, primarily had the responsibility to meet the demand of the Group itself, but also to grow their business in the market (Business Director / Alliances 2)”.</p>	<p>“This business only took off even when they defined an exclusive manager, who had a very large commercial focus, and started looking for business outside the Group’s stores. This bold business vision, independent of other businesses, created new structures and businesses began to grow (Sales Manager 1)”.</p>	<p>“The company has a culture of always putting a good professional ahead of every business. A leader who, in addition to developing the business, also has the role of being an alliance manager, being the one who is at the forefront of negotiations with those involved, reporting directly to the owners of the company (Business / Alliance Director)”.</p>

### Pieces of evidence chart

<p>Alliances with companies with capacity of alliances management developed</p>	<p>“The Group has developed a very large capacity to adapt to what an alliance partner defines. I venture to say that the most successful alliances were those in which partners already have a very well aligned model. We adapted and internalized the model very quickly. And our differential is the confidence we inspire, the speed of adaptation, and financial credibility. The company is a big chameleon. She works in very different ways in each business, but she still has a way, a way of her own, which is the union of all these models (Business / Alliance Director)”.</p>	<p>“I see that there are several businesses that have sprung up in the Group and been successful. This thing of uniting with leaders permeates all of our business. It’s no use being a small business and imposing a way of working for big partners. We have to learn from them and using their processes and tools helps us grow. Combining the tools of the world’s largest players helps us define our model and better manage our business (Vice President 1)”.</p>	<p>“Managing an alliance with a company like Multinational 1 is quite complex because multinationals usually have a series of processes that slow the business down a bit. I remember requesting some Group A routines that they implemented through the very system they used, without having to use a new tool as expected. This initially generated distrust, but we saw that it worked well, so there was no reason not to leave it that way (Multinational Channel Manager 1)”.</p>
<p>Incentive of internal changes</p>	<p>“( . . . ) One nice thing is that the learning that comes from these successful alliances is applied to other group businesses and other group-managed alliances. So, for example, a report that works very well in one business can be used in another, a process imposed by one partner and that produces good results is implemented in another business in the Group and so on (Business / Alliance)”.</p>	<p>“Certainly, all experiences, positive or negative, generate learning. And many of these relationships here, they helped make the Group a better group. Even those relationships that were purely commercial, themselves helped change the company’s understanding, improved processes, and influenced our management skills (Business / Alliance Director)”.</p>	<p>“We learned a lot by trial and error or by following our partner’s guidance. But what we learned was within the Group and we talked a lot to try to improve other businesses as well. This exchange was natural at first and then we began to do it more recurrently and more organized, in specific meetings to exchange information between businesses (Ex-Manager / Alliance)”.</p>