

ALLIANCES

EXPLORING CROSS-ATLANTIC COLLABORATIONS

A strategic alliance between The Kellen Co., Atlanta, and Ernst & Young Association Management, Brussels, offers an apt illustration of the ways in which like organizations can help one another in their respective geographical regions. In fact, the arrangement, announced February 28, 2002, might provide some food for thought for associations considering international operations or alliances.

Kellen, an association management company, serves more than 5,000 companies worldwide, either through its 47 client associations or directly. "We have worked on an informal arrangement with [Ernst & Young] for many years, and we decided to really formalize it in a way that would indicate a strategic positioning between our two organizations," explains Kellen Chairman and CEO Bob Gelardi. "So it gives us a worldwide reach in a more direct way than we've had before, and I think the same is true with Ernst & Young, particularly in the context of North America."

For example, Gelardi says that Ernst & Young can be of value in monitoring regulatory matters in the European Union. And by combining their government affairs and communication capabilities, the organizations can provide their clients with the ability to address global issues more effectively. In addition, he points out that the two organizations are considering joint marketing efforts.

Gelardi advises association executives seeking alliance partners to "look for organizations with integrity and a track record of quality and success. Be sure the culture and values are compatible with yours." It's also important to set goals and expectations together and review performance against those goals at least annually, he adds.

Are there any risks to entering into such a strategic alliance? Perhaps, but Gelardi thinks that his company's prior history with Ernst & Young minimized those risks. "I think our prior knowledge



[about Ernst & Young] makes a tremendous difference in terms of minimizing risks. I think if you walk in without knowing whom you're dealing with, you can potentially have a problem with your reputation and your credibility," he says. Gelardi indicates that the work both companies have done together the first half of the year has further underscored the trust they have in each other.

As for whether international joint alliances could become an association trend, Gelardi definitely sees potential. "I think for anyone who does have international considerations, there's just an enhancement of what you can do with this kind of alliance," he says, adding that it is important to have an understanding of the worldwide market in order for such an alliance to be successful, and that an organization would need to be "of a certain size before it's easy to do this."

Nevertheless, the relationship has been a successful one for the two companies thus far. "It's just a very exciting opportunity," Gelardi says. "We see it as a way to deal with the globalization of business and the economy, and even [of professional societies and trade associations]."