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3. What are the four business-level cooperative strategies? What are the key differences among them?
4. What are the three corporate-level cooperative strategies? How do firms use each of these strategies for the purpose of creating a competitive advantage?
5. Why do firms use cross-border strategic alliances?

6. What risks are firms likely to experience as they use cooperative strategies?
7. What are the differences between the cost-minimization approach and the opportunity-maximization approach to managing cooperative strategies?

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EXPERIENTIAL EXERCISES

EXERCISE 1: ALLIANCE MANAGEMENT AS A PROFESSION

According to your text, "a cooperative strategy is a means by which firms collaborate for the purpose of working together to achieve a shared objective. Cooperating with other firms is a strategy firms use to create value for a customer that it likely could not create by itself." This describes the end state and not the mechanics upon which firms rely to achieve a successful alliance partnership. So is there a career in alliance management?

This is an individual assignment and one in which you can learn more about strategic alliance as a career path to compliment your budding knowledge of the field. Begin by researching strategic alliance professionals in your library and on the Internet. You should also interview a strategic alliance management professional. You can find them through either firms that undertake alliances or consulting firms that assist them. Start your research by answering the following questions:

1. Find any trade associations of organizations or professionals that are aligned with the field.
2. Does the work get done mainly through in-company personnel or consulting firms?
3. What are the benefits, and downsides, to a career in strategic alliance management?
4. Are there entry level positions or is experience required to get into the field?

5. Put together, does this profession have an appeal to you personally? Why or why not?

EXERCISE 2: AIRLINES AND ALLIANCES

According to your text, a strategic alliance "is a partnership between firms whereby their resources and capabilities are combined to create a competitive advantage." So why is an alliance in the best interests for an airline company such as United, American, or British Airways? In this exercise, your instructor will assign one of the three main alliances (OneWorld, Star, or SkyTeam), and your teams will be asked to investigate the alliance and be prepared to discuss the following issues:

1. In general, why do airlines form an alliance with one another (particularly internationally) rather than expanding by acquisition?
2. What is the history of the alliance to which you were assigned?
3. Describe the main benefits that airlines hope to gain through membership. What is the competitive advantage of your particular alliance, if you find there is one?
4. Categorize the alliance in terms of the three types of strategic alliances. Also describe the cooperative strategy of a member firm in relation to its business-level and corporate-level strategy.
5. Think through issues of the future of airline alliances. If you were the CEO of a major U.S. airline, what might worry you about your particular alliance, if anything?

VIDEO CASE



A PARTNERSHIP WITH A COOPERATIVE TWIST: MICROSOFT AND YAHOO!

In its infancy, the Microsoft/Yahoo! partnership brought a cloud of layoff and market concerns, but the priority was to compete against Google for control of the Internet search market. Media and analysts predicted benefits to partners and consumers over the long

term. Yahoo! remains an independent company with control of its user interface, while Microsoft added strength to its browser and gained a greater share of Internet advertising, which all provide an alternative to the Internet search market. Statistics show that Google has 66.5 percent of the Internet search market, with Yahoo! at 12 percent and Microsoft at 17.3 percent.

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