

# The Partnership Evaluation Framework: How to evaluate a potential partner's business model and identify areas for collaboration

Model Framework	Relevance	Key Metrics	Questions for Consideration
<b>Governance:</b> How a firm makes decisions in the market	Understanding the governance structure associated with a given business model can help uncover what objectives actors will prioritize, how they will respond to both market trends and policy, and who they recognize as relevant stakeholders.	<ul style="list-style-type: none"> <li>✓ What objectives actors will prioritize</li> <li>✓ How they will respond to both market trends and policy</li> <li>✓ Who they recognize as relevant stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▶ Who are all of the stakeholders involved in investment decisions in your organization? In partner organizations?</li> <li>▶ Once an investment is made, who has responsibility for its oversight?</li> <li>▶ Are there external regulations that may influence the decision-making process?</li> </ul>
<b>Financial Model:</b> How a firm raises capital for start up or expansion and sets performance targets	Establishing and tracking a key set of financial metrics and benchmarks across each industry segment can reveal the sources of a business' profitability, as well as key decision-points and motivations for a business to seek change	<ul style="list-style-type: none"> <li>✓ Revenues</li> <li>✓ Costs of Goods (or Services) Sold</li> <li>✓ Required margins</li> <li>✓ Sources of funding and cost of funding</li> </ul>	<ul style="list-style-type: none"> <li>▶ What are the costs and revenues for the business?</li> <li>▶ What are the major/key factors that influence changes in revenues or costs?</li> <li>▶ How does the business finance investments?</li> </ul>
<b>Assets &amp; Infrastructure:</b> How a firm invests and brands itself in order to operate	Assessing the benefits and costs associated with an asset or infrastructure enables management to identify opportunities for creating value and reducing costs	<ul style="list-style-type: none"> <li>✓ Fixed assets (e.g. buildings)</li> <li>✓ Inventory</li> <li>✓ Equipment</li> <li>✓ Brand value</li> <li>✓ Trainings/Certifications</li> </ul>	<ul style="list-style-type: none"> <li>▶ What type of investment (i.e., buildings, machinery, and equipment) is needed? How costly is it, and are economies of scale a factor?</li> <li>▶ How important are non-physical assets (e.g., brand, certifications) on the success of the business?</li> </ul>
<b>Service Offering:</b> What goods and services a firm markets and sells	Examining existing service offerings and uncovering untapped opportunities to expand core business offerings or enter into partnerships may reveal ways of increasing customer traffic, consumption, and revenue over time	<ul style="list-style-type: none"> <li>✓ Range of service offerings an organization provides and how well they align to its strengths</li> <li>✓ Required margins on an average service offering</li> <li>✓ Level of demand in market for each service offered</li> </ul>	<ul style="list-style-type: none"> <li>▶ What are my organization's key strengths and service offerings?</li> <li>▶ Are there alternatives/competitors to these services in the market?</li> <li>▶ Can a strategic partnership help my organization expand its service offerings or control its costs?</li> </ul>
<b>Customer:</b> who a firm's target market is, and how it reaches them	Identifying customer segments associated with each business model can help to measure probability of success for partnerships and service offerings	<ul style="list-style-type: none"> <li>✓ Marketing and lead generation efforts</li> <li>✓ Cost per lead</li> <li>✓ Customer demographics</li> <li>✓ Key partnerships</li> </ul>	<ul style="list-style-type: none"> <li>▶ Who are the target customers to be served?</li> <li>▶ What is the estimated overall demand for each service being provided?</li> <li>▶ Can a strategic partnership help me capture a larger share of the market?</li> </ul>