



# Strategic Business Alliances Meet Customers' Expanding Needs

When clients come to Vertex Logical Solutions Inc. looking for storage or distribution in other parts of the country, the Vancouver-based company is quick to offer those services at the locations of their strategic partners in Kamloops, Edmonton, Calgary and Toronto.

Vertex owns a 120,000- square-foot warehousing and distribution facility in Vancouver. But through strategic partnerships with other logistics services providers in various parts of the country, Vertex is able to give clients access to an additional 500,000 square feet of warehouse space in locations that make sense for their business.

"To grow and be credible in the Canadian market, you have to be in other key locations as well," says David Travers, founder and president of Vertex. "We've achieved this by creating strategic alliances with third-party logistics groups."

These strategic alliances have allowed Vertex and its partner companies to pursue large contracts and to leverage each other's sales forces. Each partner company operates under its own name and basically subcontracts business it can't handle to another partner. The client, in the meantime, enjoys the convenience of dealing with only one provider for its multi-location needs.

"Some clients want a logistics provider who can come in with a full national package," he says. "Strategic partnerships give us the ability to rapidly and successfully expand across the country by utilizing the resources of our various partners."

Strategic partnerships have been critical to Vertex's growth, says Mr. Travers. In the company's early years, it forged alliances with groups that have a global sales presence but no bricks-and-mortar facilities of their own in Vancouver.

"Our alignment with these groups brought us clients from around the world who required warehousing services in Vancouver," says Mr. Travers. "As a small business, having access to significant sales resources with containment of costs is critical to success."

Mr. Travers' approach has paid off for Vertex, which has grown significantly year after year since it was founded in 2005. Over the last four years, as Mr. Travers expanded his network of strategic partners, Vertex has seen its revenues grow by 40 per cent.

Mr. Travers says his company's success in leveraging partnerships is the result of thoughtful selection. Before entering into a partnership agreement, he was careful to ensure the values of the potential partner were aligned with his company's values. He also chose partners with varying areas of expertise to create a network of diverse capabilities.



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David Travers, president of Vertex Logical Solutions, has built strategic partnerships with other logistics services providers to offer his customers warehouse space and solutions across the country.



"One partner may have expertise in the shipment of goods, while another partner may have more skills and systems to support back-end processes like picking and packing," says Mr. Travers. "Our own expertise lies within warehouse management system and process controls, which is something that our partners and clients often turn to us for."

Paul Woolford, a partner at KPMG Enterprise, agrees about the importance of carefully selecting partners. He advises business owners to take the time to do proper due diligence before entering into any partnership agreement.

The most successful partnerships, he says, are those where both parties bring value beyond money to the table, and where both sides can reap meaningful benefits from the partnership.

It's also important to ensure a prospective partner's brand values and corporate culture align with your company's, says Mr. Woolford.

"It's not easy to find a good match," he says. "Do your due diligence. Go back and forth to ensure that both parties really understand the other side."

As Vertex Logical Solutions continues to grow, Mr. Travers says he will keep building his network of partners.

"Vertex would not be where it is today without these much valued partnerships," he says. "We look forward to adding more partnerships to further strengthen our business model."

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## CIBC Tips: How To Forge Strategic Partnerships to Grow Your Business

1. **Maximize economies of scale, with far less investment** Strategic alliances provide an opportunity to grow your company faster, while maintaining focus on your core competencies. When the time comes for geographic expansion or consolidating your supply chain, instead of investing time and funds into building internal operations and capability, consider partnering with a company that can work with you to meet these same goals. This will allow you to share resources and capability, while mitigating your risk.
2. **Pick the right partner** A successful alliance depends on finding a partner that aligns well with your company, not only in terms of internal operations, but also the company's image in the marketplace. You have spent considerable time building your brand and reputation, so when considering companies to ally with, ensure that the values they represent will align well with your own.
3. **Integrate seamlessly** While partnering with other companies offers many advantages, it is important that the customer experience be seamless. Your clients don't want to deal with multiple companies for different aspects of their business and will want one channel to handle problem resolution.

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