Objectives:
- Effective identification of desirable alliance partners before competition
- Enter into effective contractual agreements
- Monitor alliance partners and re-negotiate with successful partners
- Create an effective product training, brand recognition, & loyalty
- Enable contract termination when necessary

Transactions

Routine
- R&D expenses
- Promotional expenses (events, press, cast, product announcements)
- Alliance payments (annuity)
- Operational expenses for test facilities
- Legal fees (retainers)
Nonroutine:
- Bonus payments
- Litigation expenses
- Contracts, re-negotiation, + Termination costs
- Costs associated with alliance problem
- Announcements of Tie-Ins

Estimates:
- Accruals for alliance payments
- Contingent losses
- Return on Alliance
Controls: Formal process
- Research, background checks
- Performance testing annually
- Estimations of future performance.

Performance Indicators:
- Look at statistics for each alliance partner.
- Visit testing sites and view actual performance scores.
- Look at correlation between partners and sales.
- Compare current partners with past performance of other players.
R2: Alliances do not result in increased brand recognition.

Controls:
- Monitor media exposure
- Desirable alliance attributes
- Termination clause
- Assess customer/public awareness (survey)

Performance Indicators:
- Sales trends/patterns
- Customer/Public recognition or attitudes
- Media Exposure or presence - quantity and quality
R3: Alliances do not result in increased brand loyalty

**Controls:**

- IT tracking system (product to alliance partner).
- Effective market research
- Continuous Monitoring
- Formal Termination Process
- Incentive Plan for higher than expected sales

**Performance Measures:**

- Sales Trends
- Expected vs. Actual
- Customer Retention (Repeat Sales)
- Media Exposure
- Customer Demographics
- Market Share (Share of Wallet)
R4: Alliance Ptnr involved in public relations situation that negatively implicates Nike

**CONTROLS**
- background checks on ptnrs
- monitor media on ptnrs & P.R.
- put covenants in initial contracts to govern ptnr behavior
- outclause in contract

**PERFORMANCE INDICATOR**
- media attention
- litigation
- consumer awareness of ptnr behavior
RISK 5

Key Controls

- Monitor stats through performance measure
- Testing Facilities + Weight Training (i.e.)
- Termination Clause (revocable $)
- Performance Incentives (Bonus)
- Random Drug Testing + Steroids

Performance Indicators

- Public image and perception of athlete
- Media coverage
- Change in market share (↑ or ↓ with athlete's performance)
Rls:

Controls
- Product research & development
- Product testing
- Collaboration with alliance partner to align skills

Performance Indicators
- Performance of alliance partner
- Consumer complaints/returns
- Sales trend for product