

# Determinants of Success in ATP-Funded R&D Joint Ventures

Summary of study by Jeffrey H. Dyer and Benjamin C. Powell, NIST GCR 00-803<sup>1</sup>

**Greater trust and information sharing among joint venture members seem to increase the likelihood of joint venture success.**

- Prior experience working together increases the likelihood that joint ventures will achieve success.
- Joint ventures in which members provide complementary goods and services (vertical joint ventures) are easier to manage than joint ventures that include competitors (horizontal joint ventures).
- Joint ventures with not too many but not too few members are more likely to work together and collaborate effectively
- Stability in personnel among venture participants increases the likelihood of success.
- Being located relatively close to each other increases the likelihood of success.
- In some cases, determinants of joint venture success also include motivated venture members, a venture member who acts as a product champion, and/or professional project managers.

**Two measures of joint venture success are (1) whether the project achieved its technical objectives and (2) whether it produced a commercializable technology or product.**

Other measures include whether the joint venture:

- generated patents;
- established important networks of relationships with key individuals in other firms; and
- generated benefits that were unanticipated at the beginning of the project<sup>2</sup>;

## **ATP's Contribution**

This study suggests that ATP contributes to the success of joint ventures by:

- requiring more upfront commitment from top management;
- fostering a more goal-directed and organized project through ATP's demanding application process; and
- working with joint ventures through difficult periods in their life cycle while helping them overcome barriers to collaboration.

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<sup>1</sup> This paper ([http://www.atp.nist.gov/eao/gcr\\_803.pdf](http://www.atp.nist.gov/eao/gcr_803.pdf)) examines 18 ATP-funded joint ventures undertaken in the automotive industry between 1991 and 1997 and is based on informal interviews in 1999 with participants in each of the joint ventures.

<sup>2</sup> Unexpected benefits might include expanding networks of experts with technical skills in particular areas, or learning that leads to improvements in products or processes not directly related to the ATP project.