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# Discerning the effects of timing of different alliances: Similarities and differences on new-venture survival

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## DISCERNING THE EFFECTS OF TIMING OF DIFFERENT ALLIANCES: SIMILARITIES AND DIFFERENCE ON NEW-VENTURE SURVIVAL (SUMMARY)

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≈ SUMMARY ≈

**DISCERNING THE EFFECTS OF TIMING OF DIFFERENT ALLIANCES:  
SIMILARITIES AND DIFFERENCES ON NEW-VENTURE SURVIVAL**

*David Gomulya, Nanyang Technological University, Singapore*

*“We got really lucky with timing and it [the venture] took off.”*  
– Richard Tait, Founder, Cranium

**Principal Topic**

New-venture survival has greatly interested many scholars. While different alliances have been shown to increase survival, the literature remains virtually silent regarding the effect of timing of different alliances. Yet, such timing can significantly affect survival. Should a new venture form technology alliances, or marketing and distribution alliances, earlier and reap any potential benefits earlier, or should they form them later? How would similarities and differences between different alliances influence the effect of their timings? In this study, I examine these questions.

**Method**

I collected a list of new ventures from *The B2B Internet Report* published by Morgan Stanley. I observed 56 B2B ventures starting in 1999 for ten years (2,421 firm-month observations). This setting is suitable because these new ventures face various liabilities of newness - new industry, new products, and young age – and the environmental munificence increases and decreases during the dotcom boom and bust (Shepherd et al, 2000; Stinchcombe, 1965). Failure occurs when a new venture is delisted, and measured one year after. Timing of different alliances is measured from the time a new venture went public, which has been shown to reset the clock (Amburgey et al, 1993). I obtained information about alliance formation from press releases with an 85% interrater agreement. Based on existing literature, a period of increasing (decreasing) munificence occurs until (after) March 2000 (Park & Mezas, 2005). I analyzed the data using the Cox model (Cox, 1972).

**Results and Implications**

Overall, the results suggest that when macro-environmental munificence decreases, forming technology, or marketing and distribution, alliances earlier reduces survival. However, despite the conditioning effect of the environment, key differences between alliances persist. Specifically, regardless of munificence, forming technology alliances earlier seems more detrimental than forming marketing and distribution alliances earlier.

To the entrepreneurship literature, this study offers clear contributions. First, this study introduces a novel and important predictor, i.e. timing of various alliances, and unpacks the intricacies associated with such timings. Second, this study affirms entrepreneurs' intuition about the importance of timing. However, this study warns that a good timing does not always mean an earlier timing.

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