

ON RELATIONSHIP MANAGEMENT

Definition (Is)

Relationship management is the process of identifying, establishing and maintaining a level of practical intimacy with all of the stakeholders involved in the organization's business, e.g. clients, suppliers and partners.

Definition (Is Not)

Relationship management is not another expression of the Account Executive's job, though highly successful Account Executives have demonstrated the value of Relationship Management, and called it, in fact, a trade secret.

Background

Traditional business relationships have been somewhat categorical. Relationships with customers have been constrained by the practice of charging enough to keep a thriving business, but not enough to lose the client. With suppliers, the relationship has more than often been harsh: "if you won't do it at the price I'm willing to pay, then I'll find someone else". With strategic partners, the relationship has revolved around wariness of the partner, and making sure that there is absolute equity in the transactions. Over time, service organizations have found that the best relationship with others is based on the large concepts of trust, honesty and loyalty, that these principles fit a pattern of emotional response rather than of logic, and that the measure of the quality of the relationship resides in its duration through thick and thin.

The Notion of Practical Intimacy

Practical intimacy means going beyond the bounds of a traditional business relationship in order to build the trust necessary to share fundamental values and risks together. Thus:

1. Organizations who partner will share more complete and in-depth feedback on each other's strategies and operations.
2. Service organizations will prod client organizations towards more complete solutions to problems and seek to be part of the client organization's success.
3. Supplier organizations will be treated with respect that is driven from a more fundamental understanding of values and how to live by them.

A Values-Driven Approach

There is a much better understanding today of the importance of values in the organization, e.g.:

1. The difference between the values the organization professes to in its public documents and the set of beliefs that organizational leaders operationalize;

2. The linkage between the values of the organization, its management processes, and the behaviour of its people;
3. The linkage between values and the mentoring that takes place between the organization's leaders and those who deliver the product and service of the organization.

In fact, relationship management is mostly based on values, e.g.:

1. The intrinsic value of the relationship as being greater than the extrinsic value of what it can return on investment;
2. The belief that in business, people can connect at a more qualitative level than that afforded by the simple exchange of goods for monies, and that this connection doesn't need to be the serendipitous exception driven by two individuals who happen to get along well with each other;
3. The fundamental understanding of the emotional intelligence that underlies relationships.

Process

As with every other field of human endeavour, there are ways of doing things. A simple process for relationship management consists of the following steps:

1. Identify:

Identify and select within the organization those values that will drive how relationship management will be carried out. Then, seek out those organizations that espouse those values.

2. Present:

Present to the organizations a relationship that best meets the needs of both. This could consist of any number of options: strategic supplier, strategic partner, affiliate, etc. At that time, name an individual or team as relationship manager(s), formally or informally, and facilitate a partnering work session aimed at sorting how the relationship will roll out for both organizations.

3. Pilot:

Organize some key experiences together to test the relationship, look for small successes, and find the most effective means for working through differences.

4. Build:

From the success stories, and also learning from mistakes, build the relationship outward, finding increasingly greater areas for collaboration and mutual

enhancement. Track the increasing value of the relationship in both qualitative and quantitative terms. Also, be ready for a disappointment without planning for it.

5. Review:

Frequently take the time to examine the relationship strategically as well as operationally, posing essential questions such as:

- Should the relationship grow according to its current pattern?
- Should it change to reflect an emerging realization?
- Should it end, because the relationship has not worked?

Usage

The uses of Relationship Management are broad, and can extend to both the public and the private sectors and to the linkages between them. After all is said, relationship management boils down to taking hitherto formalized and ritualized relationships to a more effective plane, that of a mutual sharing of information and risk.

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