

Is your Organisation involved In a Relationship where Collaboration with your Partner Is critical to Success?

Are you satisfied with the value you receive?

Is your Partner satisfied?

Many organisations are involved in complex business relationships where collaboration with partners is critical for success. Often the relationship between the parties is not what either partner would like but at the same time there is a fear of surfacing the problems because “this might let the genie out of the bottle”. The degree of collaboration may also differ depending on the management level within the respective organisations at which it is viewed. Furthermore, the parties may have contrasting views as to the root causes of a common problem.

The cost to organisations of ineffective business relationships can be very significant. For instance, research in the USA has indicated that a third of supply chain disruptions are caused by team work problems. It also concluded that their impact was far more damaging than had been previously thought¹:

- 107% Drop in Operating Income
- 7% Lower Sales Growth
- 11% Growth In Costs
- 14% Growth in inventories
- 33% to 40% Reduction In Stock Returns vs Benchmarks
- 13.5% Higher Volatility in Stock Price

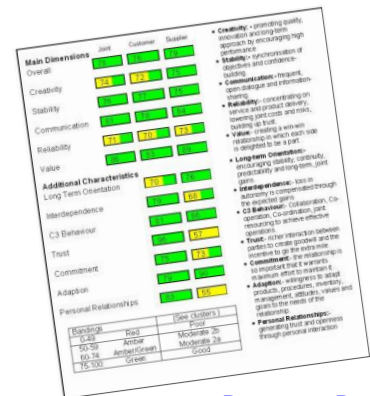
Most leaders would like to address these issues and raise the performance of their business relationship. However, the “solution” often adopted by the dominant party in the relationship is to tell the other to “lift their game” and if no positive response is forthcoming, to seek a replacement partner, only to find that the problem persists with the new partner - or even gets worse.

It is rare for the failure of a business relationship to be driven by a single root cause. Most failure modes are driven by a number of factors which may or may not be linked. If you add the complexity of personal relationships, expectations and perspectives, then it can be very hard to sort out a failing business relationship.

Ci-Advisory has in collaboration with SCCI of the UK developed an assessment tool and intervention methods that help organisations objectively understand the state of their partnerships. It drills down to root causes and clearly identifies opportunities for improvement. We can then provide ongoing support to address the issues and re-run the assessment tool to demonstrate the improvements made in the relationship.

The first stage of the programme uses an “on-line” questionnaire developed by SCCI which is completed by knowledgeable people at all levels within both partner organisations.

The Barometer report is in a simple traffic light format that quickly focuses the user on the areas where issues exist. It will also identify dimensions of the relationship where the parties have contrasting perspectives and benchmarks the relationship using SCCI’s database.



¹ Kevin Hendricks, Vinod Singhal THE EFFECT OF SUPPLY CHAIN DISRUPTION ON LONG TERM

SHAREHOLDER VALUE, PROFITABILITY & SHARE PRICE VOLITILITY, June 2005.

In Stage 2 we conduct a series of phone interviews which are focussed on the findings of the Barometer report. These interviews provide further context to the on-line survey results and assist in drilling down to root causes for any issues identified in Stage 1. The questions used have been put together so that objective as well as subjective feedback can be drawn from the interviews.

The use of the “on-line” tool and phone interviews ensures that the impact of the survey on the organisations involved is minimised. All responses are anonymous which provides the opportunity to surface issues that might not normally be raised during internal communications.

In putting together this programme SCCI & Ci-Advisory have developed the staged approach referred to above. Once Stages 1 & 2 have been completed the client/s will have a very clear picture of the relationship between the partners and of the opportunities for improvement. At this point the decision can be made to go onto Stage 3.

SCCI’s tool has been widely used in Europe where it has helped numerous organisations enhance their business relationships to their mutual benefit. In addition to targeting complex business relationships where high degrees of collaboration are required for optimum performance, these tools can also be used to identify how effectively an organisation’s existing Relationship Management strategies are performing.

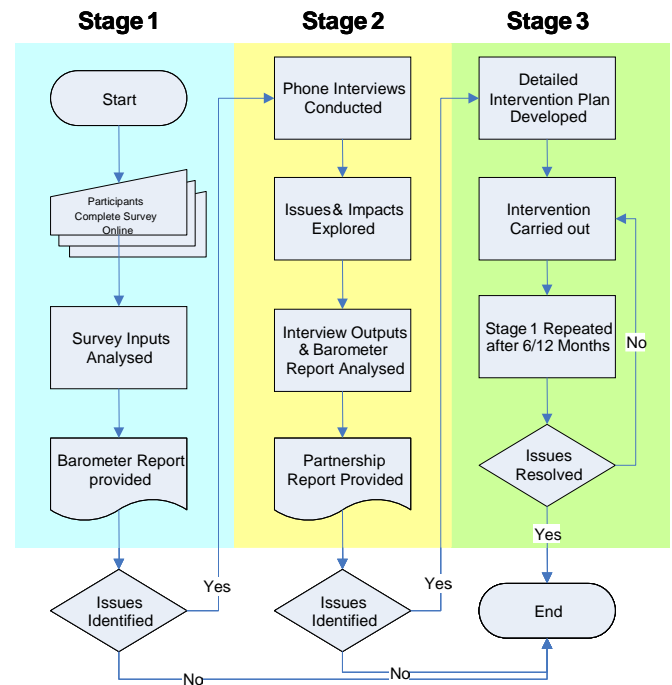
Timeframe:

Each Stage is self contained and if no issues are found then the process can halt at that point. It is recommended that Stage 1 be repeated after 6 to 12 months to develop an understanding of the relationship trajectory.

The timeframe for each stage is as follows:

Stage 1:	2 weeks
Stage 2	3 to 6 weeks
Stage 3	Project Dependent

Process Flow Chart:



Outcomes:

Clients will have a facts-based assessment of the relationship with an important partner together with clearly identified prioritised recommendations for improvement. Our proven expertise will enable partners to implement changes quickly and cost effectively. As with previous clients, they will achieve significant cost and competitive benefits.

- “Case A” = \$1.4m saving over 3 years
- “Case B” = \$12m reduction in costs
- (Copies of case studies can be provided)

A more important question to ask, when looking beyond the savings that might be made is **“What would be the impact of losing this key Partner?”** It costs many times more to find a new Partner than to retain the one you have.