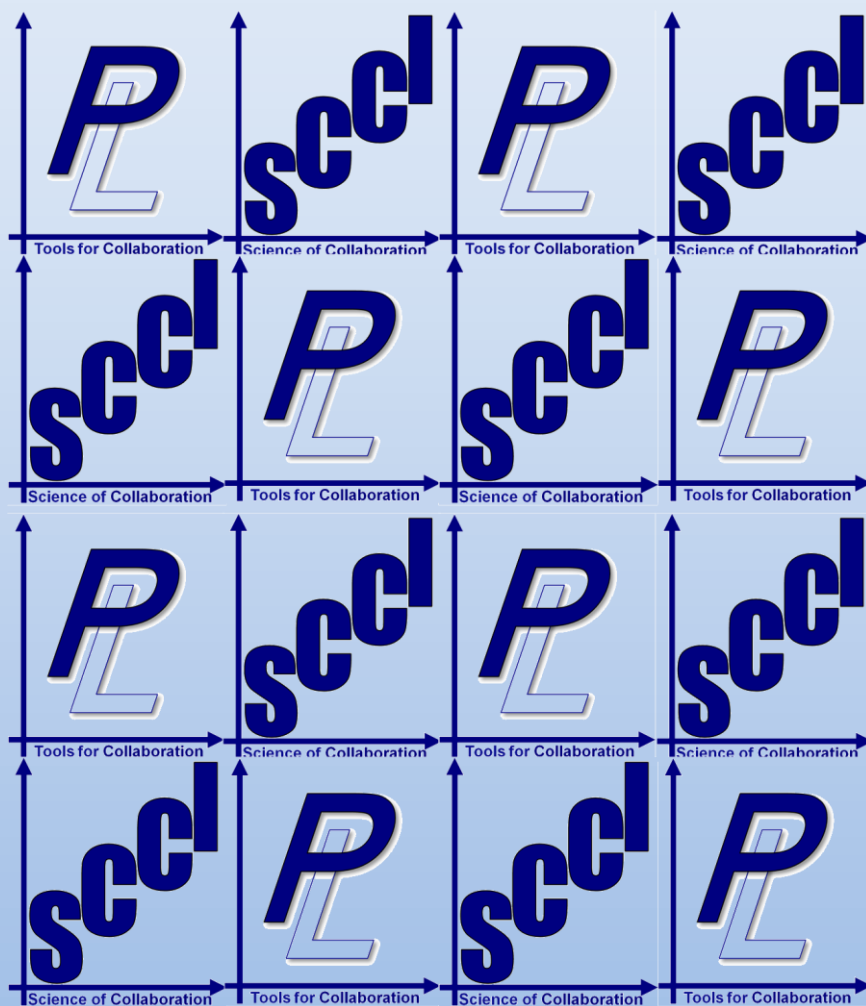


# Relationship Management in 5 Minutes



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## Relationship Management in 5 Minutes

*By Andrew Humphries & Linda McComie*

Relationships between organisations such as partnerships, alliances and collaboratives, are a prevalent way of working in these days of globalised, outsourced and specialised networks of organisations. Whether in the public or private sectors they are notoriously hard to manage and the results of failures can be extremely serious. As a result of working together something is created that could not have been achieved by the individual firms working on their own. This is the joint interaction which consists of everything necessary to fulfil the contract. The magic of this arrangement is a tendency for it to evolve and grow more productive as the partners get used to working together and their creativity is stimulated in unexpected ways. However, lack of control over this apparently 'magic' phenomenon is common and when 'things' go wrong it is difficult to put your finger on exactly what is happening and why.

Is it something to do with communications, the wrong, inaccurate or disjointed messages? Has anyone got a view of or responsibility for the end-to-end processes? Each side thinks they have put in sufficient resources to make the enterprise work but has anyone thought about the 'big picture'? The original vision was clear but was it communicated to all concerned? Has it kept track of changing circumstances? Have objectives become misaligned or conflicting? Who is responsible for encouraging and exploiting innovation, anyone? The worst thing about these uncertainties is they tend to feed on themselves like a snake eating its own tail and the time lag between apparent problem and management attention is so long that fire-fighting is the first rather than the last reaction of the partners. Over 50% of very promising partnerships fail in the first year.

So often organisations first reaction to relationship problems is to cut costs not realising that these may be the resources needed to make their key relationships work. Organisations often fail to understand that they can't have something extra for nothing and that relationships actually need more not less management effort.

So what can you do to ensure you manage your important business relationships effectively?

- Choose your partners carefully and in particular ensure they are prepared to work jointly for success
- Both sides should appoint a relationship manager who is responsible to top management for co-ordinating activities within their firms and between them
- Develop and maintain a joint relationship management plan which contains the aims, objectives, exit plan, list of resources and log of activities and make it available for all concerned to see and use
- The RMs should hold regular meetings (at least monthly) to review performance, solve problems, plan continuing activities and exploit new ideas and opportunities
- Joint performance measures should be used to regularly understand progress as well as planning and setting targets for continuous improvement
- Regularly review the relationship's objectives and the contract terms to ensure that the partners' commercial strategies keep in step
- Joint communications must be used to ensure that all concerned are kept fully aware and on-side with the progress and direction of the relationship

Current thinking focuses either on the management view of the supplier or customer. But this new way looks wider at the relationship between the organisations. The benefits of applying a formal joint management process are as follows:

- Reduced costs (at least 15% is tied up in friction between partners)
- More motivated staff and better team work
- Increased innovation
- Greater resilience in volatile environments
- Creates a unique capability giving competitive edge
- Organic growth
- Greater flexibility and responsiveness
- De-risking joint projects and enterprises

Relationships are a strategic resource; manage them as such!

#### **Further Reading:**

Andrew Humphries & Linda McComie (2022), **Implementing and Managing Collaborative Relationships – A Practical Guide for Managers**  
Routledge, New York, ISBN 978-1032-1173-86  
155 pages



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