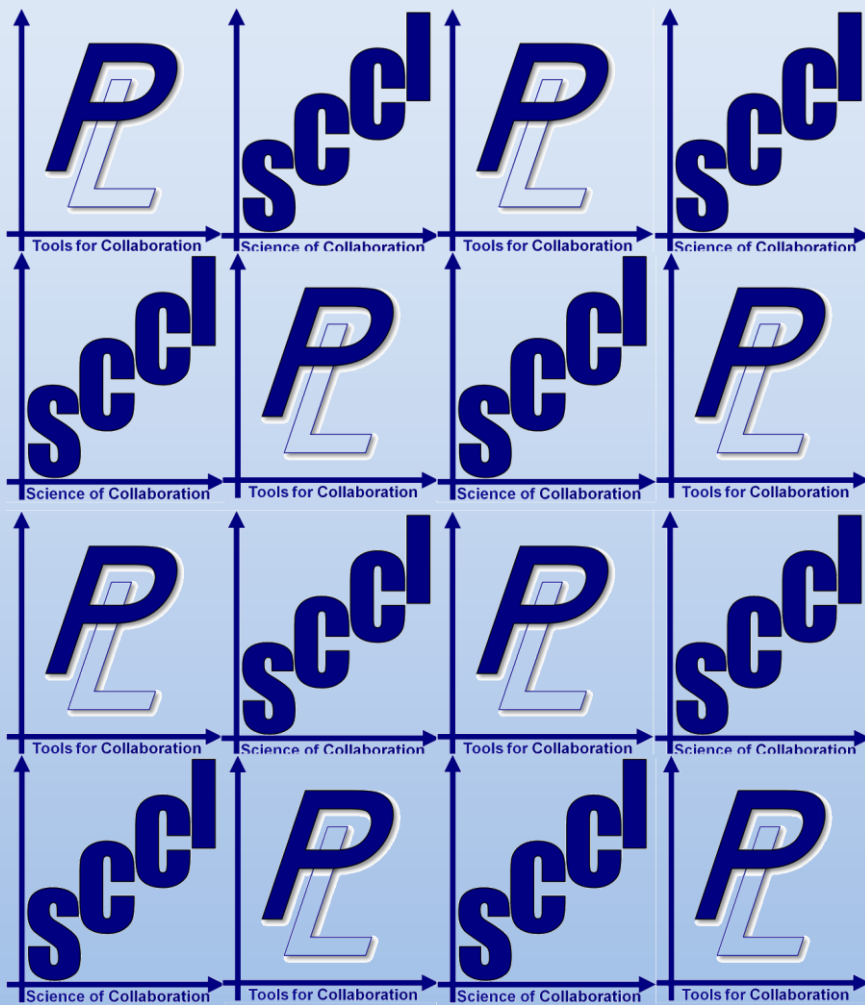


# Relationship Characterisations



Andrew Humphries & Linda McComie



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## Relationship Characterisations

*By Andrew Humphries & Linda McComie*

*“In today’s competitive, globalised marketplace, the provision of services and products is reliant on several organisations working together thus, relationships are strategically important. In this scenario the old-fashioned approaches of ‘leaning’ on suppliers to drive down costs and improve margins and, ‘targeting’ the most valuable customers to maximise revenues will no longer generate the value you seek. This is because the focus has shifted to procurement for resilience through the ‘Triple Bottom Line’ (profits, people and planet) rather than cost and, true innovation can only be created by proactively managed relationships with partners. This is achieved by using a target operating model that coordinates all the formal and informal business activities that ensure an efficient and effective operation and, integrates with existing management structures. Therefore, there is a direct link between how relationships are created, maintained and exited and the level of success achieved.”*

[\(Professor Richard Wilding, OBE\)](#)

### Research Results and Analysis

In our research we have found four relationship categories derived from the statistical analysis of the comments supplied to us by a wide cross-section of managers in interviews and surveys. These characterisations have proved to be accurate in over 100 relationships found in many different public and private sector organisations. The relationship satisfaction scores are derived from the surveys completed by the managers. The percentages in brackets are the proportions within each category of the total number.

The characterisations are useful to managers because they help to crystallise understanding of the ‘big picture’ including benchmarking with other relationships and indicating where and how performance improvement can be made.

(For more detail about our research findings by industry sector click [here](#).)

**‘Successful Collaborators’** - These relationships are likely to contain high levels of interdependence and, co-operating, co-ordinating, collaborating (C3) behaviour. Moreover, information sharing and innovation will be strong. The result is efficient, effective supply chains focused on customer requirements. Well above average returns may be expected i.e. 1+1=4,5,6...

Relationship satisfaction scores 75%-100% (36.1%)

**‘Stable Pragmatists’** - Relationships characterised by co-operation based upon the pragmatic need to overcome normal supply chain operating difficulties. Culture-matching appears to have taken place which has engendered a sense of ‘being in the same boat’. Average returns may be expected i.e. 1+1=3.

Relationship satisfaction scores 60%-74% (38.7%)

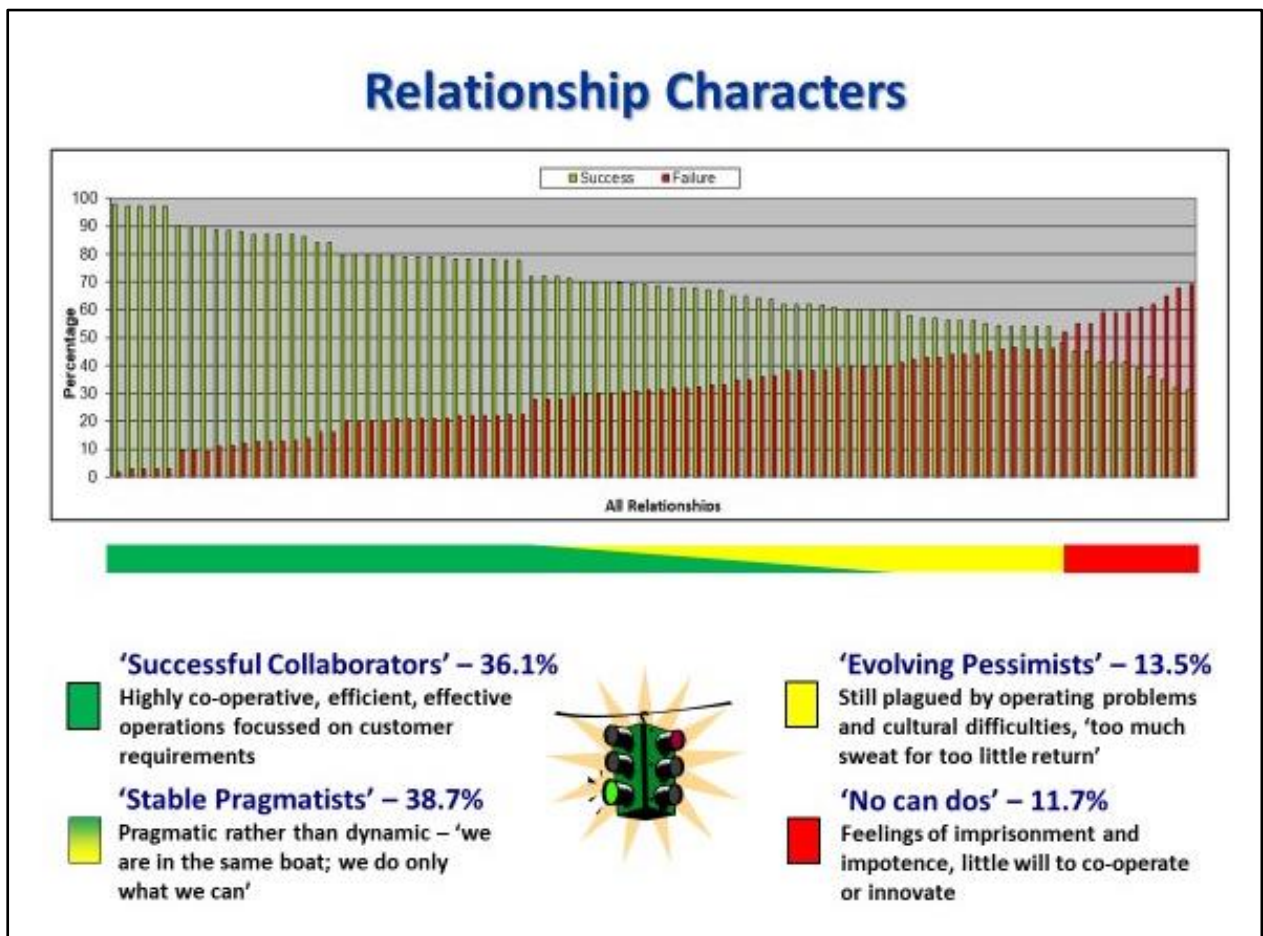
**'Evolving Pessimists'** - It is evident that these relationships are attempting to improve their performance. However, operating problems such as supply chain complexity, inherent difficulties in predicting customer requirements and either cultural or financial obstacles to process/facility improvements are apparent and generally reduce the overall relationship satisfaction levels and returns i.e. 1+1=2.

Relationship satisfaction scores 50%-59% (13.5%)

**'No Can Dos'** - Adversarial conditions predominate causing feelings of 'imprisonment' and 'impotence'. A long-term lack of co-operation and entrenched opposition to any form of innovation saps relationship vitality. Efforts to improve or gain better equity are unrequited. The result is poor supply chain practices and processes and poor returns i.e. 1+1=1.5.

Relationship satisfaction scores 0%-49% (11.7%)

We show below the relative relationship performances across our research portfolio and the categorisations.



## Where Do Your Relationships Fit?

In this section we expand upon the relationship categories so that it should be possible for organisations to recognise where they fit. We also identify typical situations and issues that can be found in each category and, offer some pointers on what managers can do to improve their alliance performance. In order to illustrate each category, we use positive and negative relationship value spirals. In these, behaviour will become self-reinforcing. They will need constant management effort, either to arrest and reverse negativity or to sustain continuous improvement.

**Successful Collaborators – ‘The Golden Geese’** These are often mature relationships that have become well established over time. In this grouping there are also new companies based on a novel product or service or, established partners who have developed an innovative offering. The overall relationship satisfaction is exceptionally high.

*“I have a good working relationship with everyone I deal with in their organisation. I even call the MD himself on his cell phone when I have a problem and he will deal with it.”*  
(Customer)

*“We run a very trusting system, we tell them our 20 week production forecast so they know we are not selling elsewhere on the open market.”* (Supplier)



Managers' assessment of these relationships indicate very few factors could be improved and there is complete collaborative harmony. The level of trust is very high and both sides have the utmost belief in the abilities and competencies of their partner as well as their intention to operate in the best interests of the relationship. They are committed to common goals, believe in the commercial benefits of the alliance and, continue to invest in infrastructure, training, personnel resources and IT linkages. Levels of co-ordination to organise and plan for co-operative activity would also be high with much energy being devoted to driving collaborative initiatives.

However, insidious dangers might creep in that could lead to decline:

- Becoming inward looking and failing to notice the world has moved on
- Within a cosy relationship there is less likelihood of critical performance review
- Becoming too reliant on each other i.e. locked in to a single solution
- Bolstering the status quo to the exclusion of innovation
- Becoming process bound, being unwilling to step outside the box and losing flexibility
- Lack of constructive conflict and a willingness to defend new ideas thus stifling innovation

In summary 'golden geese' may be very effective alliances but there is a danger of them becoming complacent. They are likely to be still 'riding their original success wave' but at some point, if they fail to continuously improve the relationship, they can begin sending out conflicting messages to the market and themselves. This is when they lose their edge, become inflexible and are vulnerable to external changes.

*"We wonder at times if the local UK strategy aligns with their corporate world-wide vision."*  
(Customer)

The secret of maintaining the 'golden goose' relationship is to continually test and trial new approaches in the knowledge that the partners' inherent strength and capability to work together, will sustain the momentum.

**Stable Pragmatists – 'Inching Ahead'** These relationships have entered the positive spiral and have started slowly to improve their performance. They cover a span of situations. At the lower end they have stopped fighting and are now rubbing along because the alternative is too painful. In the middle there are organisations that are fairly efficient but are unable or unwilling to put in the extra effort to do better. At the upper end alliances have begun to overcome internal and external difficulties and have the motivation to become more successful.

*"The relationship could deliver so much more so it is worth fighting to save."* (Customer)

*"We attended an awayday and bottomed out many problems. Sometimes we need to force these discussions to clear the air."* (Supplier)



A common feature of ‘inching ahead’ relationships will be a lack of consistent relationship management. There will be pockets of clarity, often at the top, with considerable variation within the rest of the organisations. Enthusiastic individuals at the lower levels may be frustrated because ‘obvious improvements’ are not supported. Furthermore, progress is often disrupted by constant re-organisations and staff churn which upset accountability and relationship-building efforts and generally get in the way of introducing new ideas. Innovation is thus relatively weak and it is often only possible to generate localised, short-term improvement initiatives in the relationship.

These relationships do get things done and are often long-lived. Their senior staff accept the need to improve cooperation and deal constructively with problems. But, when fire-fighting and problems arise, joint behaviours go to the wall. Despite this, a mutual respect for the other side’s problems and achievements and the way they sometimes have to do things that run counter to the partnership, are accepted. They have reached the state of efficient equilibrium where they are making some progress but there is potential for much greater returns.

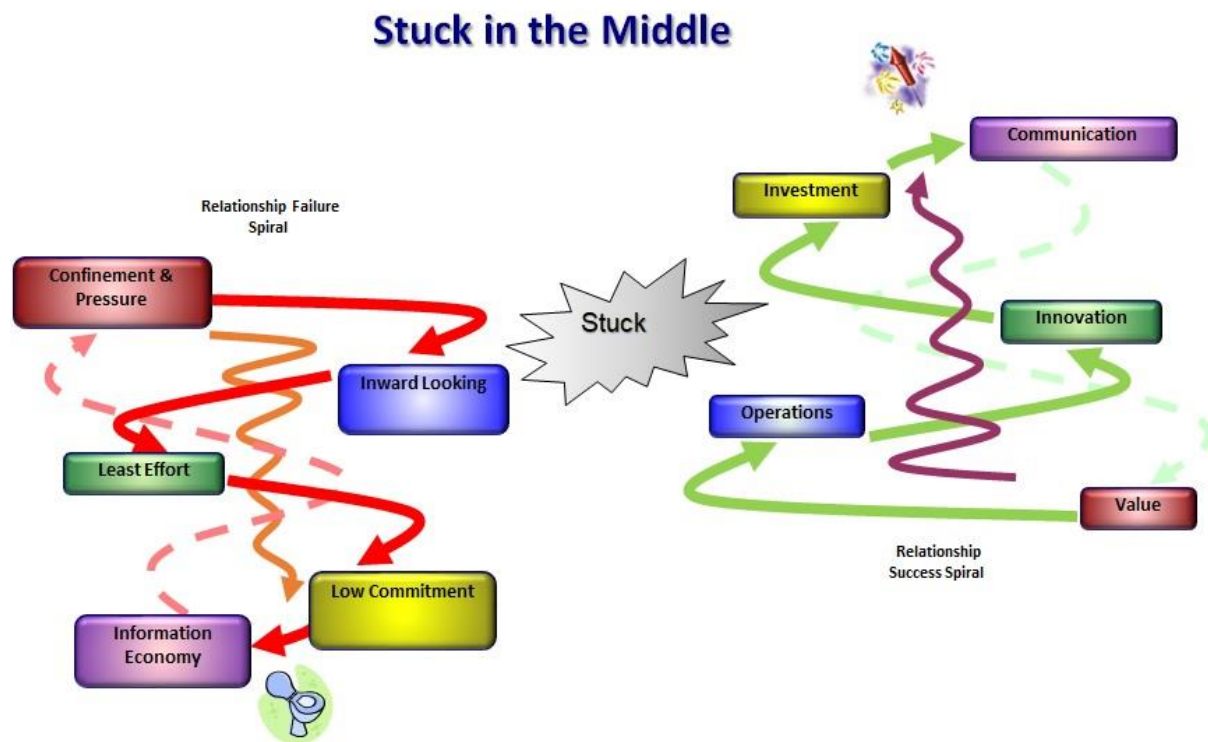
*“We respect them as an organisation they have their own challenges to face.”*

‘Inching ahead’ relationships can be improved by having a more systemic approach to relationship management. This important role should not be dominated by a particular department e.g. commercial vendor management, nor should it be diffused across a number of departments that have a ‘finger in the relationship pie’. Larger companies can invest in a

dedicated alliance function, others can appoint a director, whilst smaller firms may give a senior manager the additional responsibility of overseeing partnerships. Regardless, Relationship Management needs to have a central perspective where it can inform and be informed by strategic direction at Board level.

**Evolving Pessimists – ‘Stalled, Stuck in the Middle’** These relationships recognise the need to improve their collaborative performance however, they are so bogged down in firefighting and operational struggles that they haven’t got time to look at the wider picture. Change for the better does not happen.

*“They never plan ahead; they are always reactive and they promise much at meetings but deliver little in practice.”* (Customer)



These relationship problems will affect views of risk so investment in infrastructure and people will be hard to justify. Selfish attitudes and behaviours will tend to undermine improvement initiatives. However, because staff have come to terms with the situation, perversely morale continues to hold up and an ‘armed truce’ has resulted. Although the will to co-operate is there the ability to translate this into reliable product and service delivery has yet to develop.

*“Without a common understanding of how we are doing and what we must achieve, we cannot move forward.”* (Supplier)

Due to the continued, adverse, environmental situations faced by the companies, it is likely that any relationship performance improvement will take time and sustained, determined



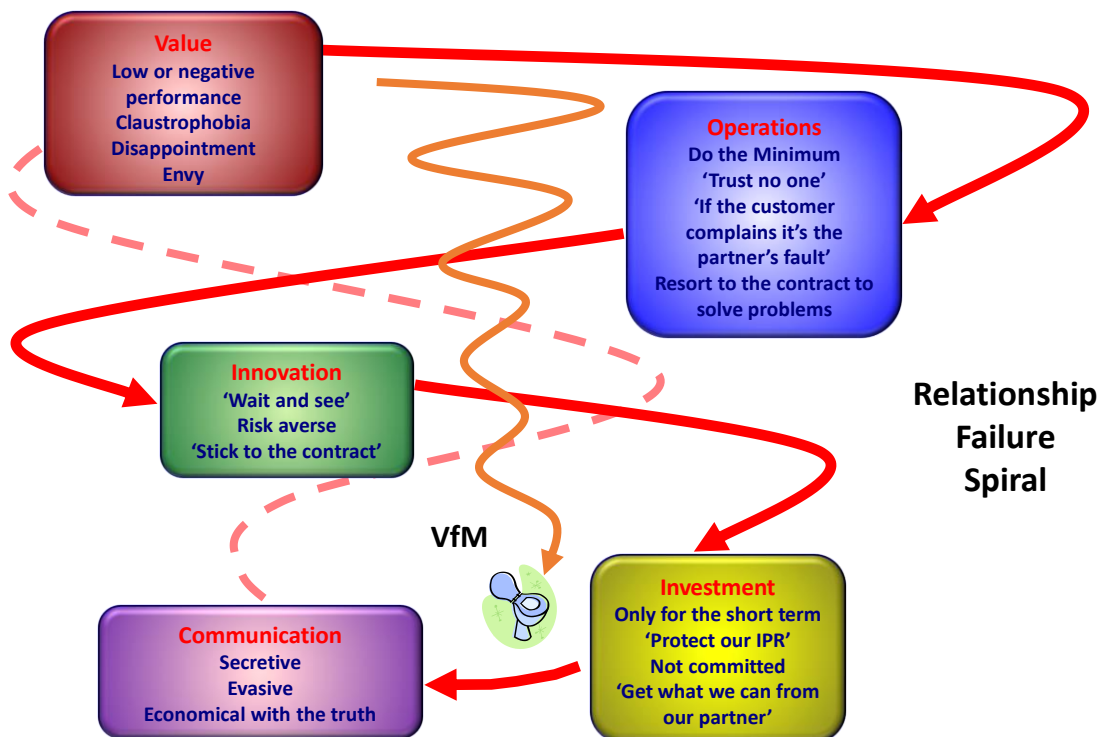
effort and political pressure to work. In particular, the partners need to re-affirm the value proposition of the relationship.

The introduction of something new or different can potentially break this cycle of bad feelings and low productivity. For example, introduce a new 'broom' senior member of staff to spearhead changes, jointly seek a significant new business opportunity, change the way the organisation provides its service or, find a group within the relationship with which to build bridges between the partners. Nevertheless, once these improvements take hold, they may gain a momentum of their own and enter the positive spiral. To support these initiatives and to ensure continued upward progress it is necessary to have both strong leadership and formal management of the relationship.

**No Can Do's – 'Collaboration Woes, A Downward Spiral'** These alliances fail to live up to expectations because they enter a continuous value destruction cycle. The reasons are many and varied but overall, the lack of clear focus on what the value proposition is and how it is to be achieved leads to unreality in the way that the relationship develops. Further, non-performance of delivery to and by each side leads to lack of trust and ultimately to confrontation as the situation worsens.

*"Fundamentally the key issue is one of 'trust' - we believe that individuals within their firm are working against us, rather than with us."* (Customer)

## Failing to Cope



This negativity has a significant impact on the teams, the staff and the working environment. Individuals feel the pressure of their responsibilities but are unable to fulfil them because the process for joint working has not been defined. This leads to stress, a poisonous working environment and people behaving badly.

*“We have lots of technicians but we are directing them where we get most revenue, not for this supplier.” (Customer)*

This regrettable situation is in urgent need of fixing, it is not irretrievable. What is needed is clear management direction to put in place a structure that allows a working environment to develop based upon leadership, trust, commitment and co-operative behaviour. It will promote effective team working and bring together the joint enterprise into an efficient machine for delivering high value goods, services and successful projects. However, it may need a ‘revolution’ such as re-starting the relationship anew, to trigger this process.

*“There has to be a willingness to start afresh by both parties. If people are going to bear grudges or engage in finger pointing, nothing will be achieved - there has to be a commitment to open-mindedness.” (Supplier)*

### **Implementing and Managing Collaborative Relationships**

Regardless of which relationship category you find yourself in there is a way forward. This starts with appointing a Relationship Manager who will assemble a team from across all disciplines within the organisation. They will liaise with their opposite number in the partner organisation and determine goals and objectives for the joint operation. This will form the basis for developing their target operating model (the interaction framework) and setting up the supporting Enterprise Relationship Management Plan (the management dashboard). These three key elements will allow the joint enterprise to be managed effectively throughout its life.

**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

[Implementing and Managing Collaborative Relationships](#)

Richard Gibbs & Andrew Humphries (2009), **Strategic Alliances and Marketing Partnerships**

Kogan Page, London, England, ISBN 978-0-7494-5484-5

235 pages



**For Further information contact:**

Email: [sales@sccindex.com](mailto:sales@sccindex.com)

Website: <https://sccindex.com/>