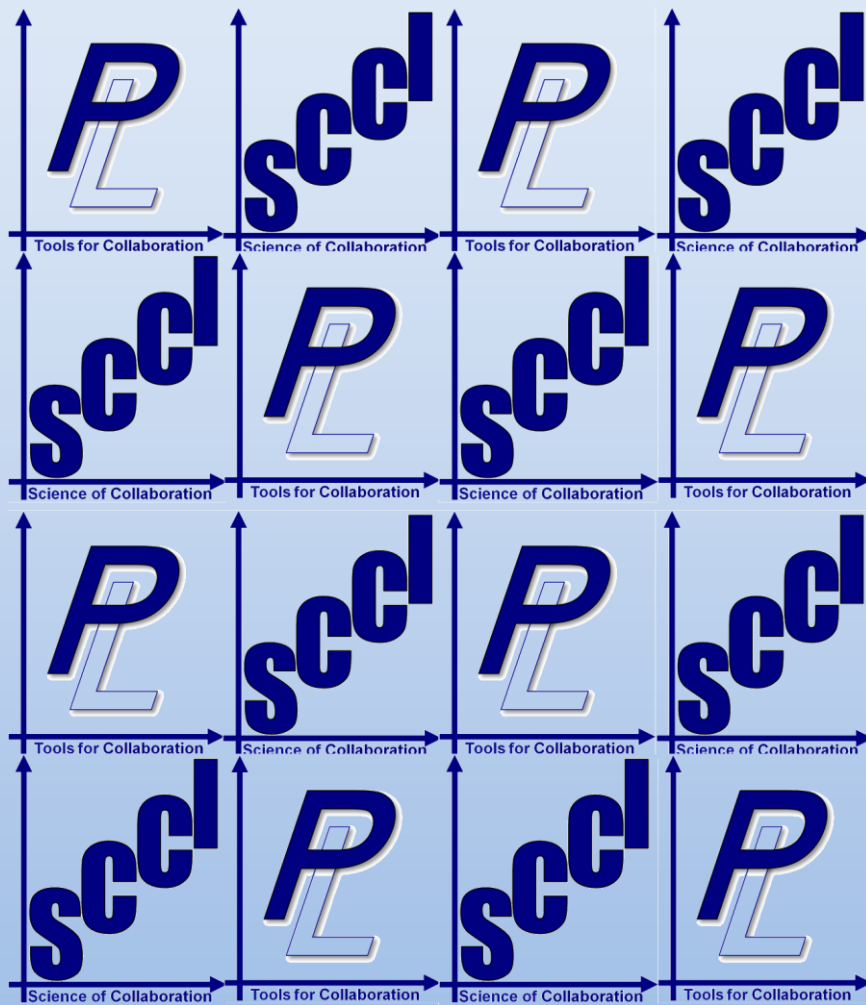


# Implementing and Managing Collaborative Relationships



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## Implementing and Managing Collaborative Relationships

*By Andrew Humphries & Linda McComie*

### **Collaborative Relationships**

Management of relationships is vital to the well-being of the organisation and its up-stream and down-stream partners. The most valuable of all business relationships are likely to be those that are collaborative. Regardless of where they fit within the spectrum of relationship types, buyer-seller relationships, supply chain partnerships, services marketing arrangements or any other relationship combination, where organisations work together using their specialised resources innovatively to achieve aims and objectives that could not be realised on their own, collaborative relationship management principles will apply.

However, managing them is often seen as a 'black art' where we don't know what to do, we don't know that we don't know what to do, it's somebody else's job or we haven't the time or money to do it. Look for a course in a business school and you are unlikely to find it. They do Customer Relationship Management and Supplier Relationship Management, but not Enterprise Relationship Management - the process for coordinating all the business activities that are essential to the success of a joint/multi-party endeavour.

By formally managing the essential activities of the joint enterprise you bring partnership management out of the 'mist' and into focus. It becomes proactive and accountable. It needs to be supported by an objective relationship performance measurement system that allows you to create clear joint understanding amongst the partners and ensures you 'get things done' to time, cost and quality. What's more, you put in-place a management system that has the ability to always create and capture joint value within partnerships, alliances, networks, consortia, business constellations or whatever you wish to call collaborative business relationships.

### **The Enterprise Relationship Management Plan**

Relationship management is one of the most important management systems that should be in place and as such it should be clearly documented both in policy and in practice. Business tends to follow a standard 'Plan, Do, Check, Act' action cycle. Relationship management principles use a slightly different virtuous circle that acknowledges the joint nature of the endeavour.

The partners first Review the quality of their collaborative relationship and its achievements. They then Adapt their way of working to keep their relationship in-step. Next they agree Improvements to their processes and behaviours. Finally, they Operate together. In this way continuous improvement is achieved and performance increases become inevitable.

The idea of a management plan that helps an organisation to keep track of the activities that support a business relationship is not a new one. It may go by a number of names including Alliance Project Plan and Partnering Plan. We use the term Enterprise Relationship Management Plan specifically to indicate that it covers the joint enterprise and is the key document used to support our proposed management system. It will contain the following:

- **Organisational Arrangements** - Who's who and what they do
- **Business Case** – Objectives and Value Proposition
- **Asset Register of Resources and Capabilities** - What we all bring to the table
- **Risk Assessment** - Keeping an eye out for the unexpected
- **Commercial Agreement** - Flexible contracting
- **Management Activities** - Operations and processes
- **Continuous Improvement & Innovation** - Building on success
- **Knowledge Management** - How we share IP
- **Communications** - The pattern
- **Exit Arrangements** - Pre-nuptials

The ERMP should be appropriate to the size of the relationship. It must be simple, clear and available to all those who need to access it for both reference and to record activity and must be kept current.

### **The Relationship Manager**

The Relationship Manager (RM) will play a pivotal part in ensuring the smooth running and therefore, the performance of business-to-business relationships. The RM will be responsible for developing, implementing and then maintaining the collaborative business relationship management process throughout the organisation and becomes the repository for knowledge and experience in collaborative working. Externally, the RM manages the relationships with networks of organisations, often involving dependencies. It is likely that this web of relationships is highly complicated as shown below. Where you find strong relationship management there is less friction and scattering of resources which allows the partner organisations to move forward and achieve their aims.

### **The Three Phases of Collaborative Relationship Management**

Although relationship management is an iterative process that moves around the Relationship Management Cycle and can be entered at any point, in practice it does have three distinct operational phases. A record of all decisions, actions and achievements from each phase must be kept in the ERMP for each relationship.

#### **The Decision Phase**

This is the process for selecting new partners. The company must be clear about its objectives from the outset. These will only be broad statements of intent which will be

crystallised and reconciled with the selected partner. It is likely that the potential partners will already be known because the field will not be large and those companies capable of meeting your strategic objectives will be even fewer. Factors to be considered include known capabilities, reputation, market strength and culture. Any nominations should be balanced against internal strengths and weaknesses, focusing on finding complementary skills, resources and capabilities. An understanding of the potential capability to work together to meet joint objectives is more important than hard evidence of past achievements.

From a commercial perspective, successful relationships need the right mix of stability and flexibility. They require a base of rules and procedures that reflect obligations and expectations, yet at the same time there must be mechanisms to support change and reflect shifting internal and external conditions.

### **The Operations Phase**

The operations phase is about all the mechanics of managing a collaborative relationship throughout its productive life to ensure that it is efficient, effective and that there is continuous performance improvement. Operational oversight will involve working very closely with the partner organisation to meet joint objectives on a day-to-day basis. It also involves instigating activities that make continuous improvement happen including process innovation and learning from experience and, provides the ability to exploit new opportunities that the joint business opens up. As the relationship grows its objectives and the supporting contracts/SLAs will need to be reviewed. The effectiveness of the collaboration will be increased by ensuring that relationship responsibilities such as operational processes, risk, resourcing and performance span both organisations. All these activities will be co-ordinated and managed by the RMs jointly at their monthly meeting.

In addition, it is important to create a clear understanding at all levels of those aspects of the joint business that affect the bottom line and the ability to create value. This will be provided by a performance measurement system that is optimised specifically for relationship management which enables key performance drivers of innovation (Creativity), alignment and investment (Stability), open dialogue (Communication), operations (Reliability) and building commitment (Value), to be measured and understood across the enterprise. It should also give you a view of the softer aspects of a relationship such as Trust, Commitment and Long-Term Orientation that have a motivational impact on operational performance.

### **The Exit Phase**

Every successful business relationship will eventually come to an end, this is a natural progression. Just as in other aspects of relationship management the exit phase needs to be carefully planned from the beginning of the relationship and its execution managed, usually by the RMs. Significant intellectual property rights will often be involved as well as those investments that have been made and used by the partners such as skills, materials and

infrastructure. The impact on the up-stream and down-stream members of the supply chain should not be forgotten. A planned exit will ensure that a satisfactory outcome for all stakeholders will be achieved including the retention of goodwill and therefore the opportunity to do business in the future. A key benefit is learning from experience and improving relationship management capability.

### **The Seven Steps to Success**

Here are some straightforward, guiding principles that you can use to implement a successful relationship management system.

1. **Business as usual** – *Relationship management is an integral part of your business and should not be seen as a 'bolt on'.*
2. **Seek authoritative advice** – *Decide how the value of your collaborative relationships can be improved.*
3. **Review what you do** – *Identify the things you need to do to improve the way you work with your partners.*
4. **Talk to your partners** – *Discuss and agree an improved structure for working together.*
5. **Implement and document** – *Jointly start doing what you agreed and keep records.*
6. **Manage the on-going relationship** – *Stick to the principles.*
7. **Continuous improvement** – *Make performance improvement inevitable by frequently reviewing with your partners how you are working together.*

Good relationship management has the capability to give you startling results. Do as little or as much as you need to do and the increase in business performance will repay your investment many times over.

**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

Andrew Humphries & Richard Gibbs (2015), **Enterprise Relationship Management A Paradigm For Alliance Success**

Gower, Farnham, England, ISBN 978-1-4724-2908-7

215 pages



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