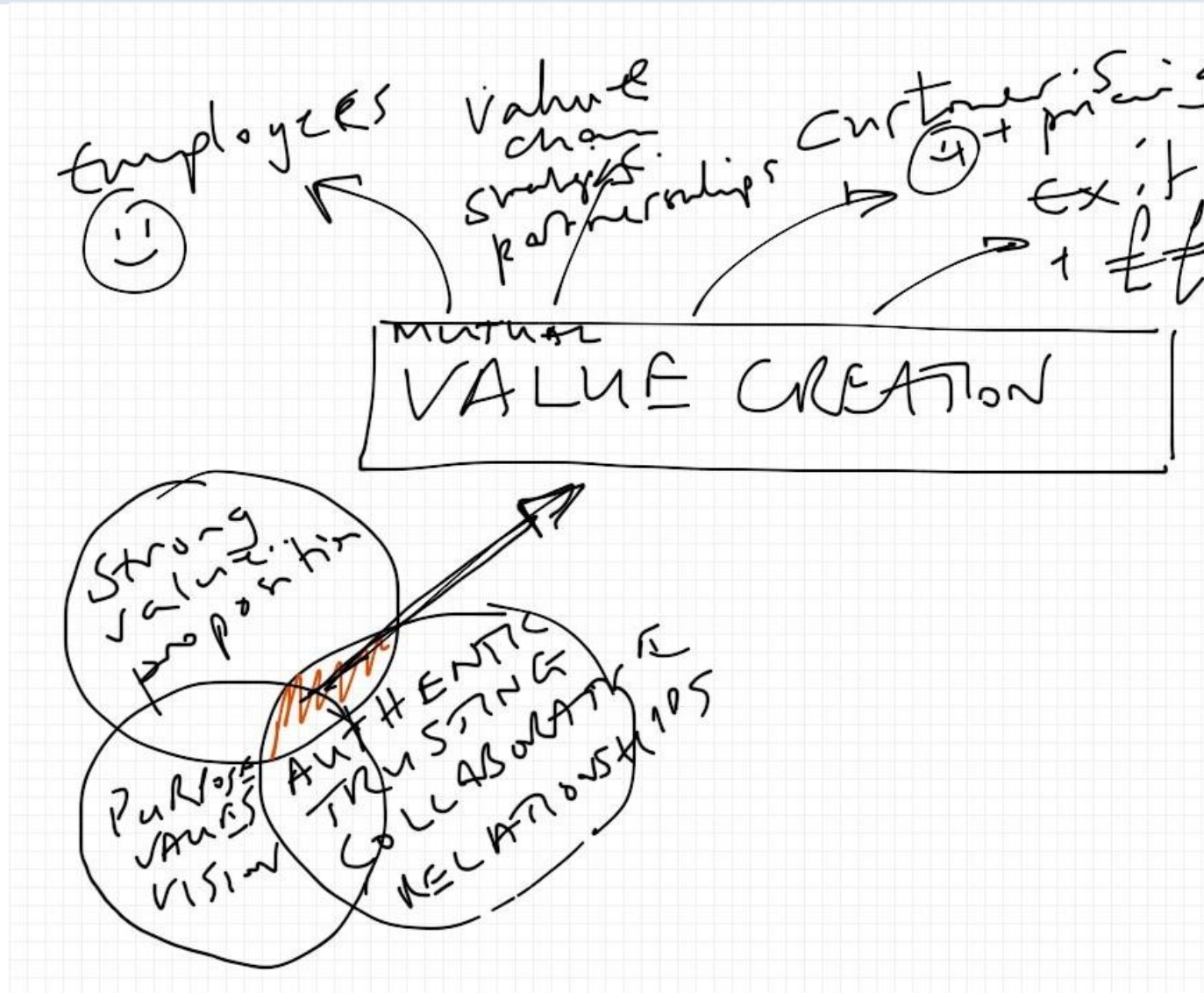


The BIG Network

Creating value through relationships

4 October 2013

why are we here?



“Relationships are everything”

But...what does this mean!?

what makes relationships successful?

Take 5 minutes to individually consider the following questions:

- Think about a relationship that failed, why do you believe it failed?
- Think about a relationship that you feel is/was particularly successful, and the reasons for this.

Then share in pairs

the views from our network members

Success

- The opposite of failure – it's a fine balance!
- Commercial imperative, is transactional sustainable?
- Mutual respect
- Giving space and time to people, being personal
- Understand and fulfil roles
- Recognise the power dynamic



Failure

- Return-reward imbalance
- Lack of recognition/visibility of effort
- Expectations fell short of reality
- The relationship had already broken down – it was too late!
- How we communicate, how our message was received/understood
- Whether values are shared?
- Lack of mutual self-interest
- Inability to recognise everyone involved

Transactional, collaborative, or hybrid?

Transactional

- Arm's length
- Transactional
- Short-term transactions
- Buying decision on price
- Low-involvement
- Limited communication & information sharing
- Limited coordination of work processes
- Unilateral improvement
- In own interest
- Win-lose orientation



Collaborative

- Strategic partnerships
- Collaborative ties
- Long-term relationships
- Buying decision on value
- High-involvement
- Open communication & information sharing
- Integration of work processes
- Joint improvement
- Mutual benefit
- Win-win orientation

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Creating value through relationships

What makes a relationship successful?

the relationship recipe



show me the money?

- it is more than just being nice...there has to be a commercial imperative. Relationships count for little if you fail to deliver commercial value for the customer.
- but...there are economic and non-economic elements supporting the life of the relationship...people are human beings!



mutual benefits

- benefits of ownership/access
 - good quality product
 - good quality service
- and, emotional benefits
 - reduced anxiety
 - recognition
 - friendship
 - understanding
 - pleasure in the process
 - and, so on...



Mutuality implies that relationships should be win-win for both parties

- Need to distinguish between:
 - cognitive/calculative commitment which reflects a rational, economic calculation behind the maintenance of the relationship
 - affective commitment which reflects a deep and emotional attachment and,
- And between forms of organisational commitment
 - Affective commitment: “we strongly identify with their goals”
 - Continuance commitment: “it will cost us a lot to leave the relationship”
 - Normative commitment: “we have invested a lot of time and energy in this relationship”
- In supply chain relationships, much of this relates to the willingness of the weaker party to commit to the relationship in the long term, and accept inequities in the short term

- *“An acceptance of vulnerability to another’s possible, but not expected, ill will or lack of good will”* (Blois, 1997)
- *“The lubricant that oils the wheels of relationships”* (Bachmann, 2001)
- Organisations are not really things that can trust each other – it is people that do this...often subconsciously...
- Trust is built through personal networks – eg “Guanxi”
- Trust reduces risk perception - each party believes the other will not take an unfair advantage
- Trust is a relationship ‘atmosphere’ that is based on predictability, dependability and faith
- Trust interacts with the institutional environment, the law, trade associations, financial systems, norms & standards of production, economic policy etc.

fairness & justice

- Distributive justice - fairness of the distribution of outcomes
“Are we receiving rewards that are consistent with our contribution?”
- Procedural justice - fairness of processes that lead to outcomes
“Are we being asked to adhere to processes that are appropriate?”
- Interpersonal justice
“Are we being treated with politeness, dignity, and respect?”
- Informational justice
“Are adequate explanations being provided regarding the distribution of outcomes or enactment of procedure?”
- A perceived lack of fairness can lead to conflict...

citizenship behaviour

- Actions that are over and above that which is formally expected within the terms of supply
 - “going the extra mile”
 - “exceeding the call of duty”
- Altruism - helping others directly
- Conscientiousness - going beyond what is minimally required
- Sportsmanship - tolerating minimal inconveniences without complaining
- Courtesy - consulting with someone before taking actions that affect them
- Civic virtue - keeping up to date with issues that affect the organisation

Other supporting factors?

- Culture
- Structure
 - Challenges of aligning organisational functions
 - Developing organisational structures that enable
 - Recognise people beyond the sales/marketing department!
- Openness
 - Give of yourself...
 - Transparency
 - Share information
- Willingness to change
 - To affect a change of approach in relationships
 - Reviewing relationships and changing ways of operating should be part of your ongoing learning & that of your organisation...

communication styles

- Individuals communicate every day, and it is through these interactions that relationships are built
- It is important to develop understanding, appreciation and accommodate individual differences in style
 - “it is not always what is said, but how I said it!”*
- Some call this “Interpersonal” or “communication” skills
- But it goes beyond this, it’s about creating an appropriate ‘relationship dialogue’ and act with integrity – being yourself whilst being aware of others

communication styles

EXTRAVERSION

"Let's talk it through"

INTROVERSION

"I need to think about it"

SENSING

"Just the facts, please"

INTUITION

"I can see it all now"

THINKING

"Is this logical?"

FEELING

"Will anyone get hurt?"

JUDGING

"Just do something"

PERCEIVING

"Let's wait and see"

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Creating value through relationships

Building strategic value chain relationships

“can relationships be built, strategically?”

building strategic value chain relationships

Now, using the relationship diagnostic:

- Individually, reflect on what you have heard and consider the reasons why a business relationship has failed and/or succeeded (30 mins)
- In pairs, share these reasons and critically challenge each other in order that you identify the underlying mechanisms (30 mins)

Be prepared to share!

relationship diagnostic

Factor	Successful relationship	Unsuccessful relationship
Commerciality		
Mutual benefits		
Commitment		
Trust		
Fairness & justice		
Organisational citizenship		
Communication style(s)		
Power & dependency		
Other? Culture? Structure? Openness? Willingness Change?		

BIG Network Session #4

Developing a strong and empowered culture

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Kent
Business School

Centre for
Employment,
Competitiveness
& Growth (ECG)