

Where is your focus?

Most alliances will miss opportunities to capitalise on their strengths because 'eyes are on the wrong balls'. Key to achieving these benefits is establishing good relationship management practices such as joint regular performance monitoring, problem-solving and planning activities. Providing a focus for the joint enterprise is essential to ensure that continuous improvement replaces fire-fighting and complacent stagnation. Business relationships are complex entities that rely heavily on teamwork to function effectively. As such, their governance is not readily susceptible to the usual contractual terms and conditions. Instead, informal methods such as committee decision-making based on trust and commitment are more likely to work, especially if backed by formal methods including codes of practice, professional relationship management and specialised performance measures. However, how often do you see such a professional focus – what we call Enterprise Relationship Management? Certainly in our experience it is rare. More often than not the function is dissipated amongst a number of individuals: the bosses at their annual game of golf; the salesman who is keen to keep the customer happy so he can land the follow-on deal, the commercial department who manage the contract and have to sort out all the problems left by the sales staff and finally, the logistics and operations people who have a job to do and need to talk to make things happen.

The luxury of Alliance Management

Some large organisations have an alliance management office staffed by professionals with a director-level head. The office is the focus of all relationship management activity. It has the 'clout' not only to manage project relationships with partner organisations but also to co-ordinate the activities across departments within the firm that contribute to the satisfaction of those projects. The department, with its privileged position, is able to recognise important information or capabilities arising out of collaboration and to act as a catalyst for organisational learning and the exploitation of new skills. It accumulates knowledge and expertise about the process of collaboration and change management that help to make the firm and its partners more successful at collaborative change. As a result of its growth in reputation as a team worker, important stakeholders such as investors will be more enthusiastic about offering support for new enterprises and other successful companies will be keen to work together with the firm. In fact, some large companies with Strategic Alliance management in place can gain 1% on their share price when they announce a new alliance. At the operational level, the alliance management department will directly affect the level of constructive harmony in the partnerships. This significantly reduces the management costs usually associated with fire fighting and increases the levels of goodwill which directly improve trust, innovation, communication quality and value capture.

An ERM Director?

Of course, having a dedicated alliance department or even an ERM director will be beyond the means of many organisations but the role can still be recognised as a formal, secondary task for a senior individual. Given the central position within most firms of the Commercial Director, perhaps this is a new role for this department?

Meetings of minds

An essential part of the Enterprise Relationship Manager's (ERM) duty is the regular, formal meeting with his opposite number in the partnership. These meetings are also attended by key players from each firm and maybe, appropriate up and down-stream supply chain members too. They will examine performance since the last meeting, solve process and procedural problems, set targets for the next period and manage change projects. Even more important they will identify new business opportunities that the collaboration is making possible and flag these up to their boards. Finally they will use relationship performance appraisals to proactively manage collaborative performance and keep its progress firmly within the positive feedback loop represented by the success spiral.

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Enterprise Relationship Management

It's performance that matters

The prospect of implementing change across organisational boundaries within collaborative relationships is a daunting one. However, efforts to improve the performance of existing joint and outsourced processes, to design and implement new joint processes, to rescue failing partnerships, to increase the depth of collaboration with an existing partner to undertake a more challenging assignment or, to improve the chances of partnering success at the 'pre-nuptial' stage, will certainly only be fully successful if relationship management is effective. By formally managing all those resources that are essential to the success of the joint enterprise (ERM) you bring partnership change management out of the 'mist' and into focus. It becomes proactive and accountable. The use of an objective relationship performance measurement system allows you to create clear joint understanding amongst the partners which ensures you 'get things done' to time, cost and quality. What's more, you put in place a continuous improvement system that has the ability to create and capture joint value within partnerships, alliances, networks, consortia, business constellations or whatever you wish to call collaborative business relationships.

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