

Customer Relationship Management: Engagement or Exploitation

By David E Hawkins

(Evaluating the evolution of Customer Relationship Management from exploitation of knowledge towards an mutually beneficial relationship where engagement reaches beyond traditional transactional interfaces to collaborative engagement through KAM and alternative business models)

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Aim

The impacts of economic pressures over the past decade and in particular the financial crisis of global banking have forced organisations up and down the supply chain to reconsider their operating models in the light of increased outsourcing and competitive challenges. The implications of global sourcing and wider movement of labour in recent years has seen traditional outsourcing models for cost reduction create an environment where transactional cost based relationships are in some areas giving way to much broader and perhaps more integrated operating relationships. In this environment the sustainable relationship is no longer simply a question of lowest price but increased focus on value adding engagements. As such the CRM programmes of the late nineties and early 21st century are prompting a drive toward more collaborative integration and in this context the value of an independent national standard (BS 11000) can be a catalyst for more effective Key account management.

Outline

Customer relationships have always been the key to sustainable business since trading began. It is often said that it takes 10 years to win a customer and 10 seconds to lose one. Developing relationships was frequently the sole prerogative of business development and sales personnel this created vulnerability for many organisations since relationships were held largely at the individual level. At the coal face customer knowledge, power structures, decision makers, personal relationships and corporate as well as individual characteristics were often mapped and followed closely by the sales force. The impact of this localised approach was that limited knowledge spread across the organisation and subsequent conflicts through lack of understanding internally of the status of these relationships. More importantly when the personal link was broken so was the primary link to the customer.

The advent of wider use of technology platforms prompted organisations to consider how this localised information could be better harnessed by them to both capture data /information as well as exploit this knowledge across the organisation. The introduction of CRM (customer relationship management) was heralded as the answer in creating a repository of information which was successful to some extent but largely relied on the ability or willingness of sales to share their knowledge. Online trading made significant steps to harness

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knowledge of consumers buying profiles, through loyalty cards and more recently through data collected through online trading link these profiles to individuals and thus enabling targeted promotions and personalised communication.

In either case whether business client or consumer relationship the interface remains one which is vulnerable to a breakdown between individuals and largely sustainable by default. However most organisations recognise that the more robust the inter company relationship the more sustainable the business flow. At the same time few if any in the business world would not appreciate that maintaining a purely transactional relationship will engender a relationship which is commoditised whether it is a product or service delivery. For major clients the answer was seen as Account management but even this had the disadvantage that it was purely a marketing ploy in order to build up and secure the inside track for future business.

Key Account Management (KAM) to some extent re-focused the buyer-seller relationship, where product or service providers aimed to develop a more integrated approach and where clients with a broad range of needs could harness or leverage capabilities across the provider organisation. This was particularly true where multi-product organisations failed to recognise that many parts of their organisations were servicing a single client but through a diverse number of trading channels and to varying degrees of engagement. The concept of the one-stop-shop was often professed but seldom actually delivered and often created conflict both internally and externally as each fraction sort to exploit the relationship to its maximum but in their isolated arena.

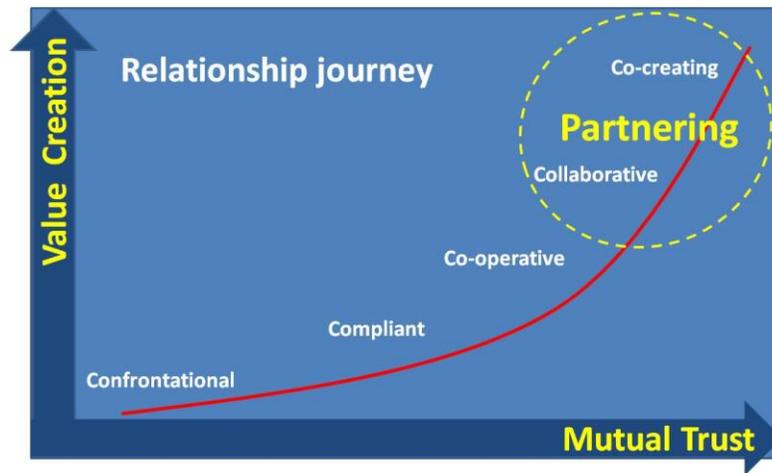
More forward looking organisations saw KAM as the opportunity to drive a different form of relationship with their clients particularly those which saw commoditization as a risk to their future business and recognised that by integrating their knowledge and skills with the client organisation they could increase traction and thus competitiveness.

Holistic engagement through collaboration

Truly exploiting the benefits of Key Account Management has to be based on changing the dynamics of the relationships with clients to a more holistic engagement. Collaborative approaches broaden the capability of organisations to respond to (pull) or propose (push) more complex propositions to meet the demands of the market or specific customer challenges. *Dr Deming argued that quality, productivity and excellence cannot be achieved by copying others. If your company is the same as everyone else's, why should your customers buy from you rather than them?* The key to marketing rests both on internal capability and the propensity of customers to respond positively to these approaches. Where a collaborative model is being requested or offered the adoption of a recognised standard provides an independently validated approach which can be a market differentiation but in any event provides the confidence that collaboration goes beyond a sales posture.

The integration of collaborative thinking enables organisations to argue their own capability and resources to expand to scope of any proposition or required solution by incorporating third parties. A disciplined framework that ensures these complimentary partners will combine to establish a seamless delivery solution. Identifying and selecting additional partners to meet the demands requires organisations to seek other organisations with compatible visions and values and develop joint objectives which support the customer requirement.

The adoption of Alternative Business models introduces the perception of risk for a customer and potential internal risks and a structured approach to building and sustaining these models through joint management to more effectively manage the risks. Gaining support for an integrated solution against a more traditional operating model can increase internal constraints and again a structured process ensures organisations take due account of the key factors in developing the business case.



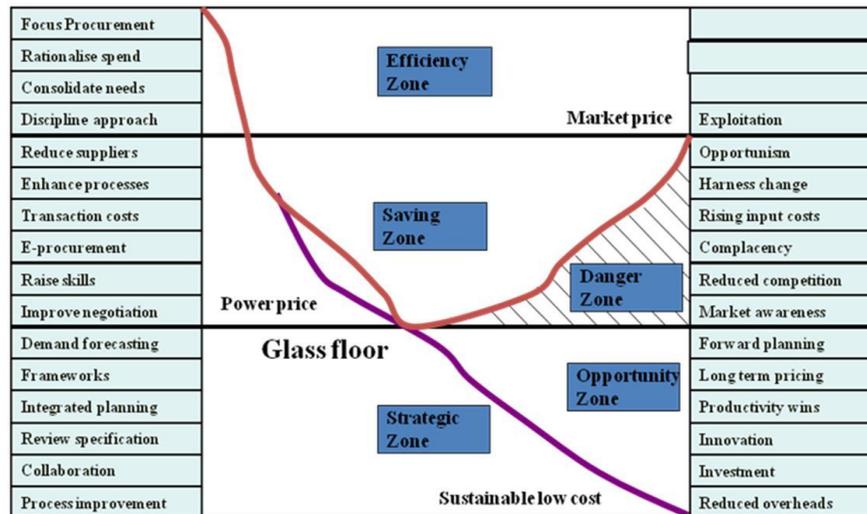
Complex relationships can take time to develop and through collaborative working organisations have the opportunity to adopt a common understanding a move more quickly to implementation. Moving form a traditional relationship to one which is more integrated changes the dynamics for negotiations adoption of a collaborative ethos enables all parties to address their issues in a more open and transparent way based on joint objectives and desired outcomes. In the modern world the foundation of business is captured in formal contracts however these can on occasions be divisive and introducing an alternative collaborative platform can ensure equitable benefits based on risk and reward that underpin the behaviours necessary to achieve successful outcomes.

Understanding the clients supply chain models

Clearly any approach to clients which is likely to move away from more traditional contracting or transactional activity relies on either the their desire to seek out innovative approaches which enhance their position or them being presented with alternative value propositions which would encourage engagement. As the major question has to be is the customer ready to open up to key account management and greater integration. The control of complex supply chains is most frequently directed through a master /slave relationship which constrains effective engagement and limits mutual development of added value to create joint management focused on mutually beneficial outcomes.

Effective supply chain optimisation has become a critical aspect of overall business performance and collaborative relationships can reach beyond the traditional perspective of Price, Quality and delivery but must be integral with the goals of the organisation. Some major clients are already using the standard as a recognised model on which to consider alternative approaches and direct efforts to those relationships which will contribute maximum value.

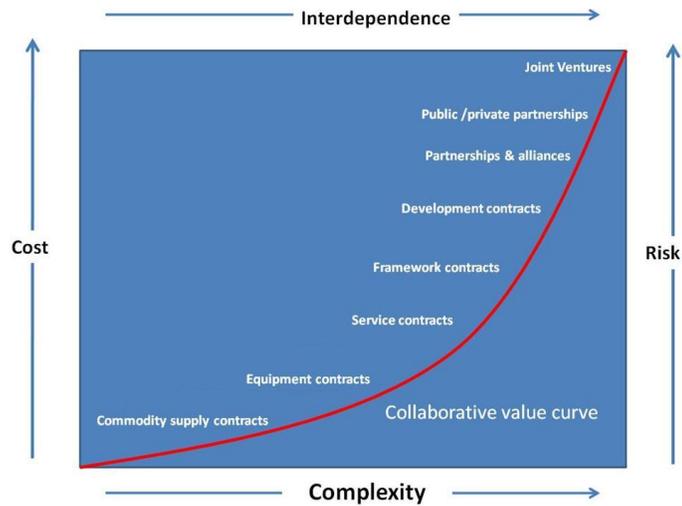
The Glass floor or Sustainable efficiency



Whilst price will always remain a key factor in supply chain management the adoption of strategic relationships provides a more inclusive approach to assess total cost of ownership and more innovative solutions to meet business goals. The Glass floor is a way of positioning the customer perspective. As they drive down towards the glass floor through beefing up their procurement they reach a point where traditional savings become limited and in fact sustaining these can be thwarted by the market by encouraging them to look through the glass floor opens up a new perspective on supplier relationships. Reliance on their supply chain to support business drivers increases the risks and vulnerability of operations thus these strategic relationships become an integral aspect of business risk whilst at the same time introducing some additional risks which need to be identified and manage. In proposing such relationships it is crucial to understand the client's perception of risk and offer solutions to mitigate.

In seeking to develop alternative business models organisations frequently assume the market place has a propensity to collaborate or considers the customer has a collaborative ethos. This is a double edged sword where by both the client and the provider needs to be able to validate the confidence in the approach. The adoption of the standard sets an independent benchmark and can offer a neutral platform to encourage engagement. Choosing the appropriate collaborative partner can frequently ignore the culture that will be a crucial ingredient for success. Evaluation and selection based on pure perception raises issues of Auditability, whether private or public sector, so an independent benchmark standard can provide a valuable model against which to validate selection.

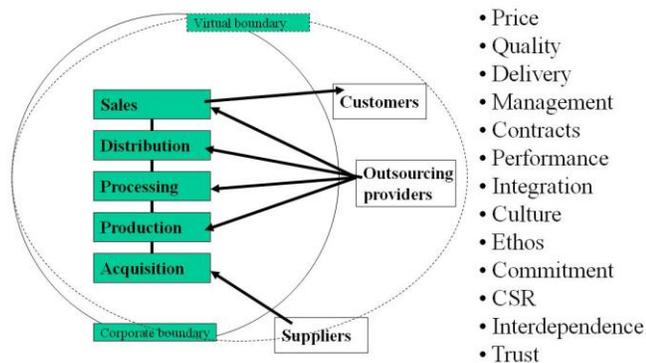
We live in a litigation society and reliance on contracts to enforce performance and behaviours is seldom successful and often is driven by a culture of 'contracting for failure' where collaboration is being considered many will see this as blurring the edges. In a truly collaborative relationship a structured approach can be developed by the parties without compromising the integrity of the contract and its inherent liabilities.



Supply chain vulnerability increases where key aspects of performance are externally delivered this is further complicated where an integrated model is adopted. In any business venture delivering the required outcomes is crucial and can often be marred by protectionism and blame culture which diverts resources a robust collaborative approach ensures transparency and joint responsibility is established. Sharing knowledge and capability allows organisations to harness value across the relationship and potentially extend the contribution to overall success.

Outsourcing in particular has become a major efficiency tool in the business armory however in many cases the decisions and effectiveness often fail to consider the compatibility of organisations to undertake key aspects of the current business processes. Marketing outsourcing capability is largely dependent on capability and the propensity of customers to respond positively to these approaches. Too often these approaches are met with internal friction which hampers progress but also clients frequently ignore the implications passing the baton to external providers. Consideration needs to be given to addressing these concerns.

The 'Outside-In' Theory



The 'Outside in Theory' poses the question that when buyers or sellers assess the importance and value of relationships they should be evaluating from the others perspective. If organisations looked at their operations from the perspective of outside in then the realisation is that perhaps managing relationships is a more complex and crucial ingredient for these diverse business models. It highlights the need to bring into play a much wider range of

considerations that the traditional price, quality and delivery mantra. It also brings into question whether the traditional approaches of contracting for failure can effectively be applied in this environment.

Identifying and selecting partners to meet the demands requires organisations to seek other organisations with compatible visions and values and develop joint objectives which support their customer requirement. The counter position is also relevant in that those seeking to promote themselves need to ensure they reflect the appropriate profile together with a structured approach to building and sustaining these models through joint management to more effectively manage the risk and rewards that underpin the behaviours necessary to achieve successful outcomes. The most vulnerable aspect of outsourcing programmes is the eventual termination and transition to other providers the introduction of an exit strategy may seem counter intuitive but is a key aspect of the relationship management, which can be both an evaluation criteria and means to ensure business continuity.

Harnessing a collaborative framework

The BS 11000 is the world's first collaborative business relationships standard which has been developed from Pan- industry best practice recognising the growing utilization of Alternative Business Models, including Outsourcing, Alliances, Partnerships , consortiums and the like. It can also be deployed in any business context where successful performance is predicated and exploits the capabilities of two or more organisations working in an integrated manner.

The standard is unique in that it embraces an eight stage life cycle approach for strategic development, engagement and management of business relationships from concept through to disengagement. Its neutral positioning provides a recognised model. It identifies the key principles which organisations should address in order to effectively build more sustainable relationships that deliver performance, innovation and create value for the parties involved.

Initially organisations need to clearly identify their business objectives and establish corporate approach which embeds the concepts of collaboration as an option to meet their desired outcomes, whilst assessing which relationships can potentially benefit from a more integrated approach. By creating the internal structure individual business cases and implementation strategies can be developed to ensure the right models are being pursued and allocate the appropriate resources to drive successful outcomes. Working with a collaborative approach will impact across most organisations it is therefore important to assess internal strengths and weaknesses to ensure that the systems, process and capabilities are understood and in place.

The success of any relationship has its foundation in selecting the right partner to work with using the standard ensures that organisations establish measurable and auditable processes to support the selection approach. Complex relationships need the appropriate level of focus and governance to ensure they maintain the drive to deliver the joint and individual objectives of the partners. Through the standard the principles of a sound management structure can be jointly agreed and implemented. Relationships may be created against specific objectives and integrated processes however they are a valuable resources in order to develop innovative approaches to build on those initial concepts and create greater value.

KAM linked to strategic relationships will likely deliver benefit and value over time but they can also be influenced by change and thus need to encompass effective ongoing management approaches to measure performance and ensure appropriate behaviours support the long term objectives. As situations change both internally and externally individual programmes either adapt or reach the end of their potential as such a structured approach to disengagement ensures the relationships remain positive.

Core benefits from collaboration

Collaborative working is not new but historically it has been largely a factor of osmosis and personal relationships but where organisations business objectives rely on interdependent partners working together to achieve results rests on their ability to jointly create a seamless delivery process with greater effectiveness. By jointly working together organisations have the ability to share knowledge and experience to focus resources to reduce waste and duplication of effort to drive efficiency improvements.

Where customer requirements or market value propositions require the combined capabilities of one or more partners their joint success relies on commitment to common objectives then improving the engagement model becomes a prerequisite to speed implementation, develop an effective working environment and create success.

Benefits from Collaborative working



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Where two or more organisations are jointly engaged in developing and delivering objectives creating a shared environment that allows costs to be optimised or eliminated through rationalized operating model. At the same time these interdependent relationships can be a significant risk where a structured approach to identifying and managing these relationships and thus reduces the risk of failure whilst also creating a focus for joint management of identified business risks.

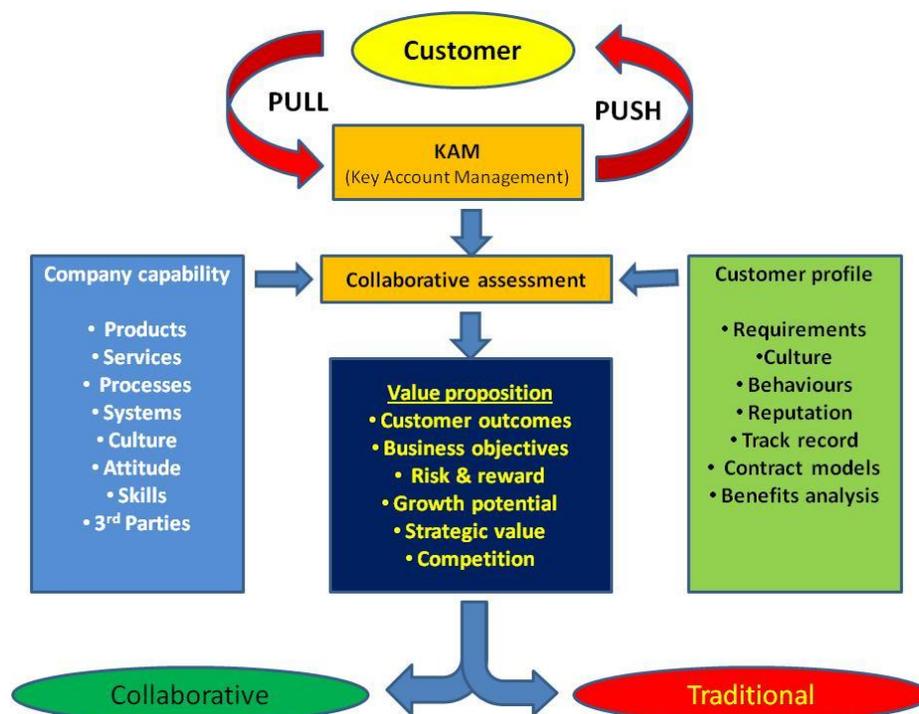
By establishing an open and trust based joint working environment based on a common framework organisations are able to share capability, knowledge and experience to harness innovative approaches to

remove constraints to performance. To exploit the benefits of collaborative working a structured basis on which to integrate the key elements of best practice into operational processes and systems to provide the triggers and governance for more effective collaboration. The consistent deployment of collaborative approaches ensures that best practice is embedded in the organisation and thus effective implementation and operation is not solely dependent on individuals who may overtime be changed through career development. The standard framework provides a platform for the benefits of collaborative working relationships to be developed and sustained over time to maximise their value and contribution to business objectives, operational and overall success.

Integrating Collaboration with Key Account management

Collaborative business relationships have been shown to deliver a wide range of benefits, which enhance competitiveness and performance whilst adding value to organisations of all sizes. The publication of BS 11000 was a landmark for business. It is the first Standard in the world to address collaborative business relationships. It does not represent a one-size solution, but rather provides a consistent framework, which can be scaled and adapted to meet particular business needs. Collaboration between organisations may take many forms from loose tactical approaches through to longer term alliances or joint ventures.

The structure of the framework is drawn from the CRAFT framework and methodologies and the resulting BS 11000 does not enforce a single rigid approach but provides a framework that can complement existing approaches where these are already in place. It also recognises that every relationship has its own unique considerations. For those organisations with well established KAM processes the framework provides a common language for customers and providers that can aid implementation and engagement.

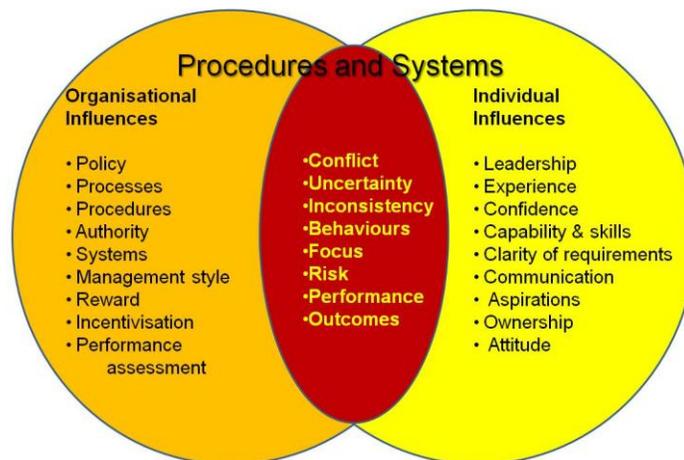


Collaborative relationships can be multidimensional supporting the traditional engagement through supply chains, the creation of external alliances and in many cases facilitating improved internal collaboration. The

eight stage approach is generally outlined in the following chart. The subsequent highlights against each of the eight steps have been linked to the clauses of BS 11000.

Is the organisation ready (Awareness)

This first phase of integrating collaboration and BS 11000 into a KAM process is to ensure that there is a robust and considered approach to the application of collaborative approaches, and that these are consistent with the objectives, policies and processes of the organisation to avoid conflicts. Collaborative approaches will likely change the way organisations need to operate, so high level executive support is essential to ensure that internal road blocks are addressed and that there is appropriate resource available and empowered to deliver. Customers will most certainly be looking for commitment from the top in any event.



Whilst organisations generally will have a very clear focus on their core business objectives it is important to ensure clarity for all involved. For some, there may be only selected business relationships or specific circumstances where an integrated approach will be of significance. Understanding which relationships may be the focus for collaboration ensures the effort is not diluted across a wide range of relationship development. With a KAMs focus this is the crucial element of any programme understanding the customer's strategy, objectives drivers and receptiveness to greater engagement. For those that do not share the vision not only will it be fruitless it may in fact have a detrimental impact on traditional business.

Some organisations or specific internal groups will have a single business focus for collaborative relationships, whilst others may have this as a key market strategy. Identifying and segmenting the current relationships and understanding the value of these relationships adds clarity going forward. This provides the basis for understanding the levels of commitment required going forward.

Evaluating opportunities ensures that efforts are focused only on those where there is real potential to gain advantage through investing the relationship. Closer relationships may introduce additional risk to the business and this should not be ignored. The assessment of issues such as IPR, market knowledge, client preference and where the partner may be in a customer facing role is crucial on the client's behalf.

The key to successful collaborative relationships comes from the people involved and some adapt better than others. The organisation should focus on identifying the right people with the right skills identifying where appropriate specialist training that may help to fill a skills gap. This is not simply the key account manager but relies on every member of the deliver team recognising the objectives and exhibiting the appropriate behaviours. Selling the proposition is only the start of a journey. The development of a corporate relationship management plan (RMP) enables organizations to capture the policies, processes and rationale to provide clarity at every level

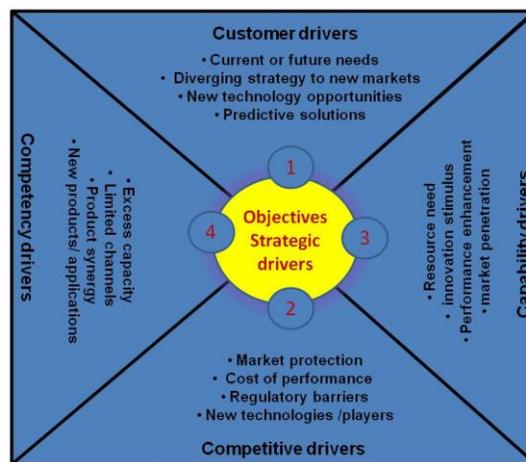
- **Executive sponsorship & policy**
- **Business objectives**
- **Benefits & Business case**
- **Segregate relationships**
- **Key individuals**
- **Initial risk assessment**
- **Relationship management plan**

Is the Business development strategy right (Knowledge)

Business development, marketing and sales is where collaborative KAM hits the road. Effective strategy development is crucial to ensure that the organisation has recognised and developed appropriate approaches to build up a knowledge base on which to develop an effective collaborative engagement approach, including, where appropriate, investigating collaborative approaches in other organisations. It is important to establish the reasons for developing a collaborative relationship. Understanding how others have proceeded can help focus efforts. Much of this may be intuitive it may also be part of everyday business.

A review needs to be made of the internal BD processes and more importantly the rigor around bid/no bid development to ensure that when a collaborative approach is a fundamental aspect of a proposition that the appropriate models are in place, together with the approvals and resources to achieve outcomes. It must also be founded on a robust evaluation of the clients profile and ethos.

Evaluate objectives and drivers



Understanding the client is critical to all sales but in the case of promoting or responding to a collaborative approach it is crucial. Their objectives, concerns, risks and culture will be significant critical success factors and failure to recognise the others ability to engage can be fatal. The 'objectives' and 'visions' of the organisations may be very closely aligned, whilst 'Values' may be commensurate with what the organisation offers, or how it differentiates itself in the market. Making sure that everyone knows what is envisaged and how this is to be implemented is crucial to success.

One of the principle benefits of a collaborative relationship is in the sharing of knowledge. Maintaining a process to capture and manage knowledge within collaborative relationships is key requirement going forward, whilst sharing knowledge is a major benefit from collaborative approaches, but it must be managed effectively. The key word here is 'appropriate', i.e. what's right for the business concerned and this must be balanced against being clear on what knowledge can and perhaps where necessary what cannot be shared.

Risk management is a key ingredient in effectively managing collaborative relationships which may be largely intuitive in many cases. This has to be 'fit-for-purpose' for the business concerned and be commensurate with the resources available. A strategic action plan and the business continuity plan may be one and the same. Creating a risk register may be a simple spreadsheet that captures the key requirements for managing all significant issues.

The exit strategy is essential for all organisations, irrespective of size. In many cases this a two street for the provider understanding the impacts of disengagement is important for the client accepting an more integrated approach the impacts of disengagement can be a show stopper. Making easy for a client to back away may be seen as a positive factor on their part and understanding the implications is crucial in developing a proposition.

- **Identify objectives & drivers**
- **Skills & competencies**
- **Knowledge management**
- **Strategy development**
- **Market analysis**
- **Collaborative partners**
- **Initial Exit strategy**
- **Risk management**
- **Business continuity & CSR**

Is the delivery process robust (Internal assessment)

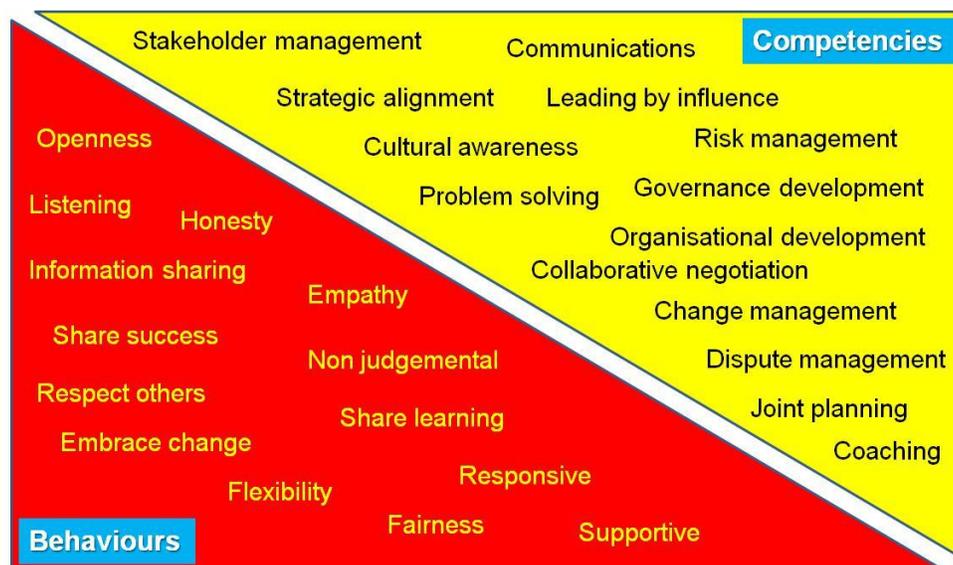
The challenge when defining a collaborative programme is in understanding the internal capacity to rise to the challenge. Prior to launching any collaborative approach, it is crucial that organisations have evaluated their own capacity, capability and resources to support a programme, which will include potential internal constraints.

The key to successful collaboration is first to understand your own capability. The size of the organisation itself may be an enabler, or a hindrance to collaboration, depending on the product, services or market sector concerned. An assessment of your collaborative profile may help to match capabilities to clients. A Maturity

assessment process can be utilised to build this profile and establish a platform for further development needs as well highlighting strengths and weaknesses that may be completed by an external partner.

In many organisations collaborative approaches will probably touch all elements of the operations. It is important to establish where the impacts will be, who will be involved, and the potential benefits that each can gain. This ensures that internal constraints do not impede progress. It is worth recognising that the clients operations will also need to be aligned and their selection process may well be governed by you market profile. Many clients fail to achieve their desired engagement because the market does not recognise their capability.

It is crucial to identify and appoint Key Account managers with a collaborative ethos together with delegated authority in order to have a focus for internal management and for clients to deal with. This is a crucial role and one which requires careful selection as the obvious seniority or technical competence may not be the most appropriate blend of capabilities. Before looking to engage with externally it is important to establish first what key aspects matter to you as a business. The development of collaborative approaches may require some internal changes or recognition of alternatives. It is important to consider these and establishing an action plan for them before looking for client partners.



Behaviours and Competencies

In some cases, there may be a need to develop the skill sets of key individuals who will be responsible for dealing with external partners. Implementing training programmes and recruitment as required. This should be part of the internal action plan.

- **Policies & processes**
- **Internal Constraints**
- **Internal collaborative profile**
- **Collaborative leadership**
- **Partner profile**
- **Knowledge & Skills**
- **Implement & review**

Who do we collaborate with (Partner Selection)

The natural emphasis for business developers is one of responsiveness to the market. In the case of moving towards a more integrated approach caution is the key as not every organisation will make a reliable collaborative partner. Ensure there is an effective approach in place to identify and evaluate and validate potential partners' capability to constructively participate in any collaborative programme. In many cases organisations have complex processes for selecting external partners but more often than not these exclude any focus on the culture and character of these potential partners.

	Attributes	Ability	Attitude
A	Operational processes are well defined and integrate collaborative approaches	There is a high level of experience at all levels focused on effective collaboration	There is clear corporate commitment and leadership that cascades throughout the operations
B	There is limited application of shared processes and performance indicators	There are individuals at various levels that have demonstrable skills in collaboration	There is evidence of successful individual collaborative programmes in effect
C	There are robust internal processes and performance indicators	There is appreciation of collaborative approaches but a lack of skills	There is appreciation at the operating level of the value of effective relationships
D	Operates with a traditional contract and procedural based approach	No appreciation of a practical approach to the value of relationships	Only operates a robust and effective arms length contracting approach

Maturity Assessment Programme

When clients are looking to select external partners, they will have likely defined and agreed internally the basis of how selection will be made to ensure an appropriate fit against a list of potential partners. It is this profile that KAMs will be endeavouring to position themselves. In some organisations these may be self-evident, but it is still valuable to conduct an evaluation to identify areas for development.

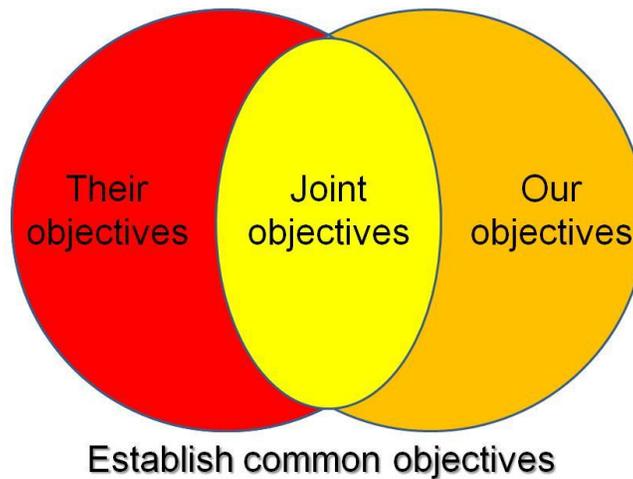
When two or more organisations come together, there are often different objectives for each whilst sharing some common ones. The concept of mine, yours and ours ensures that all the key drivers of both partners are addressed. To make collaboration successful, it is important to establish these and to jointly agree them. This provides a solid basis for moving forward. In some cases this process may highlight disparities, which would negate further development of the collaboration. The final agreement should be jointly documented, often as simply as a memorandum of understanding.

- **Identify collaborative partners**
- **Partner selection process**
- **Establish common objectives**
- **Negotiation strategy**
- **Select partner**

How do we jointly make the relationship work (Working together)

Effective collaborative relationships require a firm foundation that is mutually agreed which includes contractual frameworks, organisational structures and operational approaches. These will vary considerably dependent on the nature of the market proposition. The key is to ensure that agreements reflect adequately the needs of each party and the business approach being serviced through the collaboration.

Each partner should nominate a senior officer that will be responsible. They should then jointly establish the team that will work on the collaboration on a full or part time basis as appropriate their roles and responsibilities. It is often advisable to have a single leader appointed across both organisations, based on available resources, together with leaders for each organisation, which may be one and the same as the senior executive.



The first task should be to jointly identify where the collaboration will impact both businesses and agree action plans, which should be recorded as simply as practical. The key to successful collaboration is to ensure that the objectives of both parties are achieved, in addition to any joint targets. Before moving forward, these should be revalidated and jointly documented as appropriate. Establishing, where appropriate, functional integrated teams to address key integration actions. The key here is 'where appropriate'. These teams may one or two people loosely working on some aspect of the collaboration for a short period of time and sharing their findings. Ensure that all process changes are appropriately communicated. It is important to make sure everybody that needs to know is aware of changes that may be required.

Establishing a joint risk profile and implement joint risk management approach is crucial. Risk affects all business operations and can often be better managed by joint approaches for mutual benefit; a joint risk register can help. Implement a joint critical action planning process to ensure that all necessary actions are documented and shared between the parties.

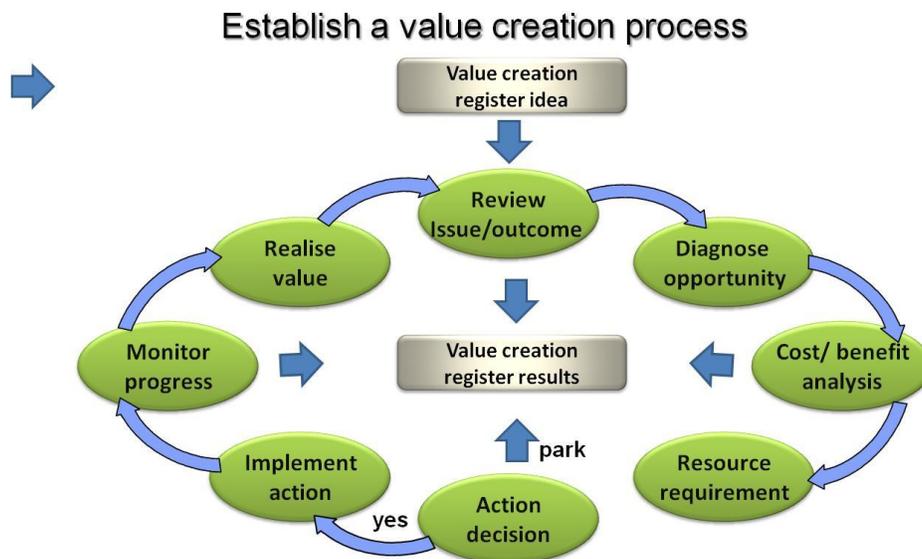
A contract will probably be required to handle key commercial aspects. This needs to be kept to a minimum, but should reinforce the agreed objectives, responsibilities and performance measurements. Jointly establish what type of agreement or contractual arrangement is required and jointly develop a contractual approach that underpins joint objectives. It is frequently advisable to develop a joint Relationship Management plan, which can even be appended to the contract.

- Joint executive sponsorship
- Objectives & principles
- Competency review
- Joint management team
- Knowledge management plan
- Communications plan
- Joint risk management
- Process improvement review
- Contracting arrangement
- Monitor & measure
- Joint relationship management plan

How do we embed continuous improvement (Value creation)

Whilst each relationship will have specific objectives or purposes, its full potential to add value over time may only become apparent once active. Continuously stimulating the drive for additional value improves collaboration but also fosters a potentially more sustainable relationship when clients recognise they are getting more than originally envisaged from the engagement.

The benefit of collaborative approaches is that they provide an opportunity to deliver additional value to the parties which in turn will help to strengthen the relationship. It is important that a joint definition of value is agreed. Establishing functional integrated teams appropriate to develop value creation processes will ensure cross fertilisation. These teams may be one or two people loosely working on some aspect of the collaboration for a short period of time and sharing their findings. If improvements are identified, these need to be prioritised to ensure that resources can be allocated. This is important in smaller organisations where resources are limited. Where priorities have been established and jointly agreed, small groups or individuals may be assigned to work on developing the approach before implementation.



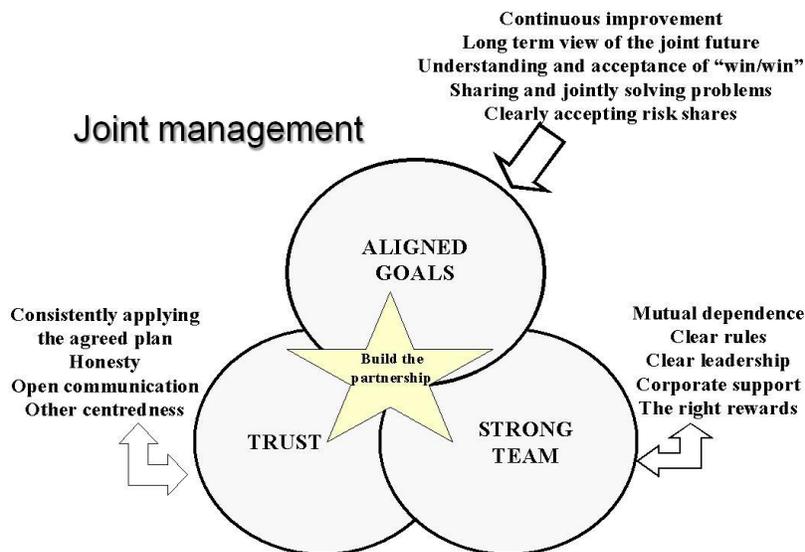
Establishing a value creation process including prioritisation and analysis to develop, evaluate and focus on value creation. This should be kept as simple as practical within the resources of the partners. Simple focuses can be: cost, time, process, resource, specification and performance issues. What is equally important for sustaining relationships is that added value is recognised, recorded and acknowledge. In any business operation, it is crucial to keep a focus on future innovation. This often results from joint developments and the sharing of ideas ensuring that innovation is encouraged and developed where appropriate.

- **Value creation process**
- **Joint innovation Groups**
- **Areas for improvement**
- **Define value**
- **Learning from experience**
- **Generating innovation**

How do we maintain the momentum (Staying together)

A joint management team is essential to any collaborative venture and this team must be supported at a high level on both sides. There needs to regular executive reviews and where possible common reporting of outcomes.

All Relationships evolve over time and the organisations involved must monitor performance against the prime objectives they have set and regularly benchmark the strength of that relationship as it reflects changes, both internal and external. Collaborative relationships can be affected by many different influences, irrespective of the size of the organisations involved. It is important to establish how the performance of the relationship will be measured, adopting an appropriate matrix that reflects the scale of the collaboration. This should then be regularly utilised to monitor areas for attention. Establishing key performance measures to monitor the strengths and weaknesses of the relationship ensures the focus is maintained.



If organisations of any size do not continue to develop, they will stagnate. Even small companies should have some simple process to jointly assess, on a regular basis, opportunities to improve performance. This may be a periodic review by the senior representatives.

Any joint activity will inevitably have some level of dispute during its life, particularly where shared ideas and approaches are involved. It is important to have a process for quickly and effectively addressing these issues. This again may simply be the senior officers of the partners meeting as required. Implementing a dispute resolution process that is focused on identification, recording and categorising problems should be adopted as a positive contribution to an effective relationship. Establish resolution approaches and escalation where appropriate.

- **Monitor & review performance**
- **Measurement**
- **Joint Team management**
- **Support innovation**
- **Behaviours & Trust**
- **Maintain performance**
- **Issue resolution**
- **Joint exit strategy**

How do we disengage and maintain the relationship (Exit strategy)

All relationships have a life cycle, which is impacted by a broad range of issues both internal and external. An exit strategy must be embedded from concept to completion and mutually validated by the partners to ensure maximum collaboration at all times.



The use of a joint exit strategy has been found to be one of the most crucial elements of any relationship providing clarity of purpose and performance. Establishing a joint exit strategy which is regularly reviewed and refreshed and jointly agreed ensures that the relationship does not drift into disengagement. A joint evaluation of changes in the organizations to update exit strategy as appropriate will also ensure that partnering teams are not left without clear direction.

Establish and document the boundaries for the relationship. This aspect is important when considering knowledge sharing and the implications for issues such as IPR and market or customer information. By defining

what can be shared, organisations operate more comfortably with each other. Assess and agree parameters for terminating relationships. This can be a simple jointly agreed document that defines the key issues that would drive disengagement and the actions by the partners when these occur.

Alongside regular joint reviews, the partners should establish a simple process to ensure that the exit strategy is reviewed and revised where changes or developments occur whilst working together. It is important to assess and maintain a focus on individual and joint liabilities that may result from the relationship and how these will be apportioned beyond the relationship's life span. Legal advice should be sought where appropriate. Establish a process for management of intellectual property. IPR is a valuable asset for any size of organisation. Protecting what may be shared within the relationship or created during its life is important. Again, legal advice is recommended.

As a final consideration, organisations should always consider that a successful collaborative relationship in one area may lead to other opportunities. A robust joint exit strategy should ensure that future collaboration is possible.

- **Maintain joint exit strategy**
- **Establish boundaries**
- **Monitor & evaluate changes**
- **Establish triggers**
- **Business continuity**
- **Transition**
- **Future opportunities**

Conclusion

There is little doubt that as the business world becomes more integrated collaborative operating will become more prevalent. Experience suggests that these alternative business models can deliver wide ranging benefits but at the same time can introduce complexity and risk. However, Traditional arms length sales relationships by their very nature preclude the joint evaluation and development of enhanced performance which will fail to address the challenges of the 21st century.

The introduction of Key Account Management will certainly increase the focus on key customers but in terms of delivering exceptional benefits to either customer or provider it will likely in many cases only re-badge existing sales engagements. Evaluating strategic relationships and integrating a more collaborative approach where the customer is either receptive or can be encouraged through mutually beneficial value propositions to adopt a more holistic approach will create a platform for sustainable relationships. However such propositions need to be robustly developed and more importantly the organisations involved must assess and develop their capability to harness the benefits.



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David has an extensive career in projects and procurement within the construction industry. For over 40 years he has been associated with the development and implementation of major projects in many parts of the world, which has provided an insight into the many organisational and cultural challenges that projects can generate. Over the past decade he has been an active promoter of partnering concepts and the development of extended enterprises through the building of alliances. As a strategic thinker he has deployed these approaches to support manufacturing to outsourcing programmes, capitalising on the opportunities within project operations to exploit global sourcing. Building on these experiences he has helped a number of major organisations to implement change management programmes in different industrial arenas including chemical processing, oil and gas, power generation, and mining and minerals processing.

He was the architect and author of the CRAFT collaborative methodology and technical author of the British standards Institution (BSI) PAS 11000 framework the world's first Collaborative business relationship standard. He was appointed chairman of the BSI committee to develop the BS 11000 standard. In 2009 he was acknowledged as one of the world's top 100 thought leaders on CSR. He has been a regular contributor to professional magazines. As an established author he has several publications to his credit including

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The Bending Moment: Energising corporate strategy published by Palgrave Macmillan 2005.

Corporate Social Responsibility; Balancing Tomorrows sustainability with Today's profitability published 2006 published by Palgrave Macmillan.

