

**How to Build High Value Relationships
Under Theory Z – Part II.
IACCM – Ask The Expert**

February 18, 2016

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ENABLING STRATEGIC IMPACT

What Needs to Change

Role of the Commercial Professional

Content vs. Context

New Required Competencies

New Approach & Process

Poor Relationships - Long Term Value is Not Generated

Buyer

- Longer buying cycles
- Grudging vs. willing cooperation from supplier
- Loss of supplier focus
- Unreliable support / increased response times
- Loss of trust

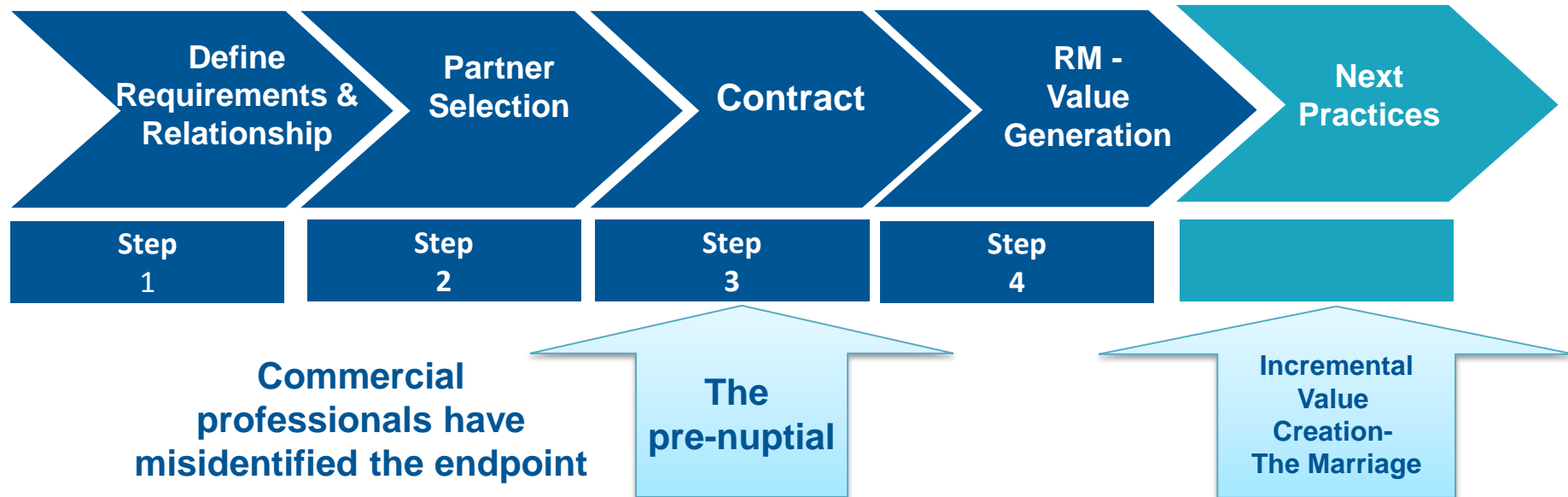
Seller

- Loss of referral business
- Loss of repeat business
- Reduced purchase volumes
- Increased cost of bid / longer sales cycles
- Loss of buyer focus
- Loss of trust

Is There Still Any Doubt?

The Year of Transformation: Maximizing Value through Collaborative and Agile Relationships

The Real End Point



With real end point in mind...

- Contract is an intermediate step, not the goal
- Everyone acts differently throughout entire process:
 1. Defining requirements & relationships
 2. Partner selection
 3. Negotiations and contract
 4. Ongoing Relationship Management

Moving from Theory X to Theory Y to Theory Z

**Theory X -
Uneven
Relationship**

Hierarchical

Power

Siloed

Competitive

Exclusive

Command/control

Independence

Low morale

Poor behavior

NIMBY

**Theory Y -
Cooperative
Relationship**

Holistic

Empowered

Cross-functional

Cooperative

Shared

Involving

Interdependence

Higher morale

Respect for some

Good practice sharing

**Theory Z –
Collaborative
Relationship**

Integrated

Empowered

Cross-company

Collaborative

Inclusive

Involving

Interdependent

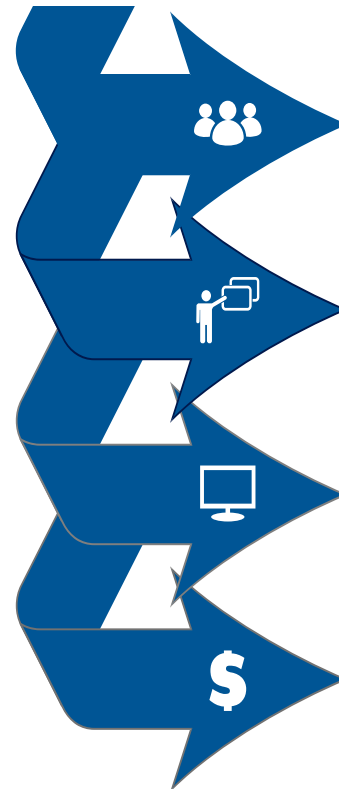
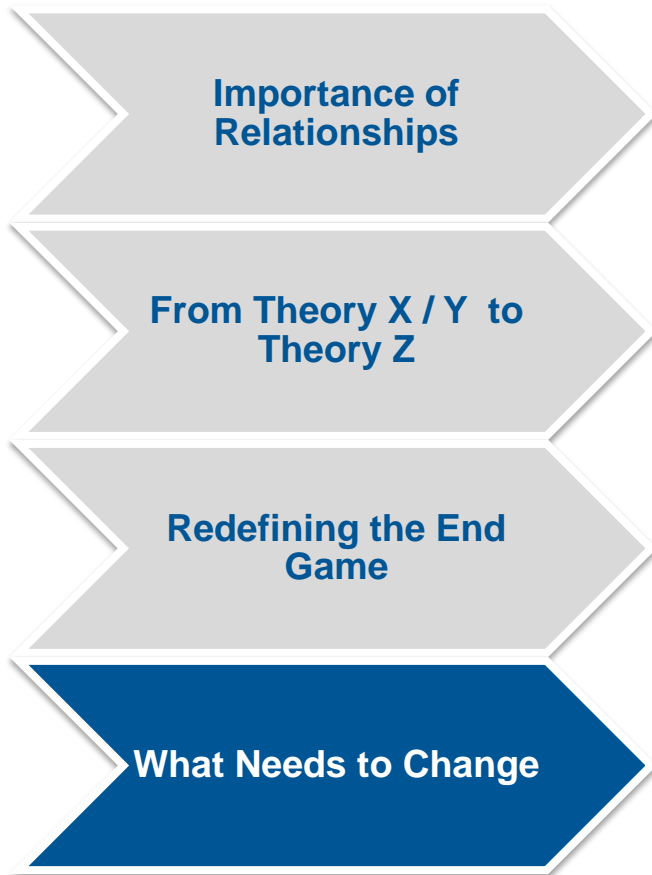
High morale

Respect for all

Next practice sharing

Are we there Yet?

Part I.



Role of the commercial professional

The context under which they work – Theory Z

New required Competencies

New approach and process

Poll



Are you Convinced that Change is Necessary?

- A. Yes**
- B. No**

Questions ??????????

What Needs to Change

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Next Practices Contracting Organization is Different

What C-Level Executives Demand of the Contracting Organization

- Contracting is expected to deliver on corporate goals
 - supported by senior management
 - early involvement in customer / risk management decisions
- Evaluated on basis of Risk Management and Value Creation not the efficiency of the contracting process
- Raided internally / externally for talent because it is a talent factory
- Staffed to maximize impact
 - includes best and brightest
 - processes, tools & technology enable value creation
- Leaders in building high value relationships
- Drives portfolio risk management
- A single Contracting organization delivers excellence to both the buy and sell side

Does this sound like your organization?

New Role of the Commercial Professional

Strategic Business Partner

Influences key strategies as a trusted partner to the business

- Ensures alignment with C-Level decision drivers
- Delivers tangible business benefits
- Proactive vs. reactive
- Understands the business
- Drives Innovation
- Listens

Relationship Manager

Adds value throughout the commitment process and beyond

Process Leader

Improves efficiency of the commitment process

Change Agent
Influences company's capability to embrace & capitalize on change

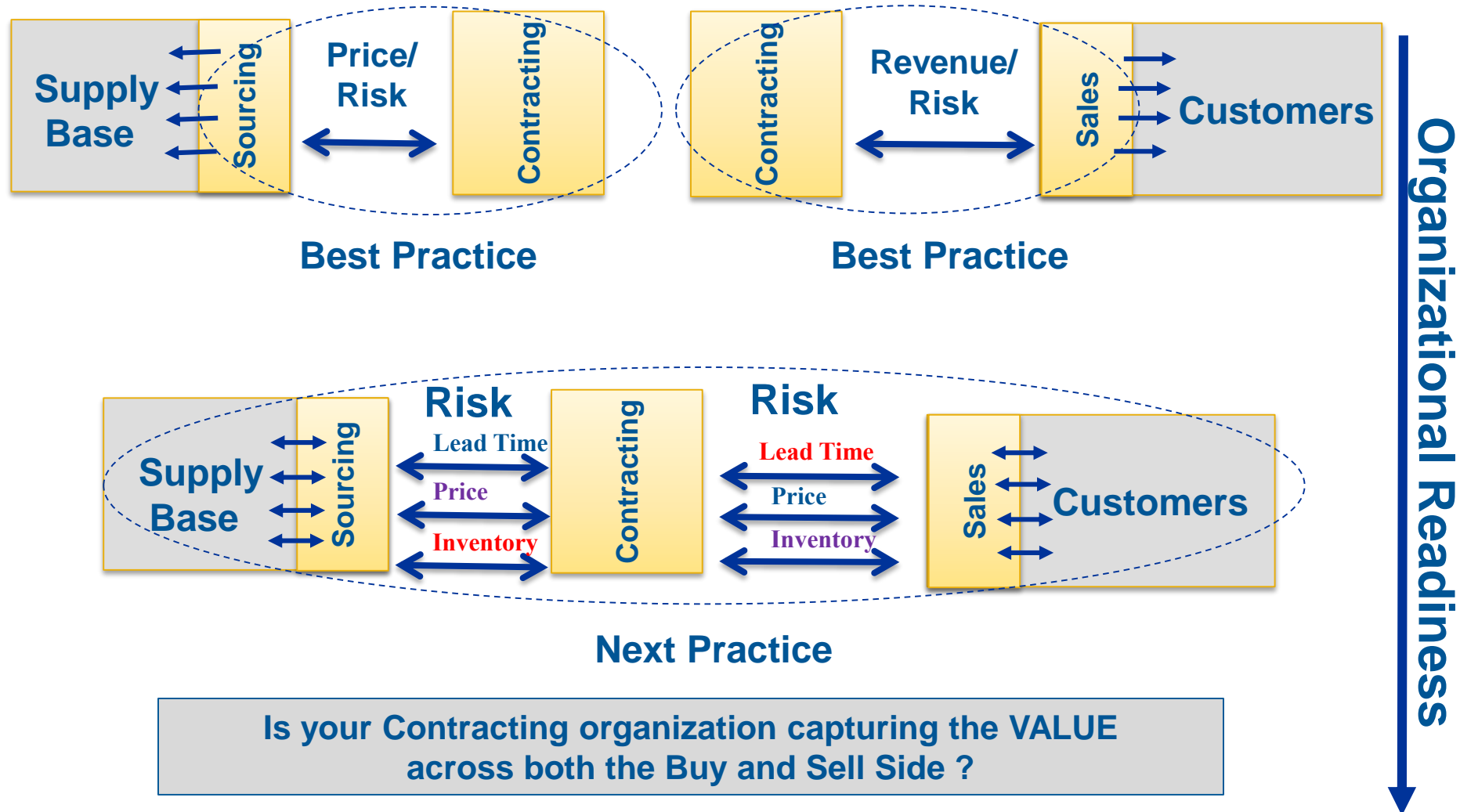
- Challenges the status quo
- Sells the new "context"
- Proactively communicates
- Engages / aligns all key stakeholders
- Facilitates cross-functional decision making
- Creates a "pull"
- Resolves conflict
- Influences others

Risk Manager

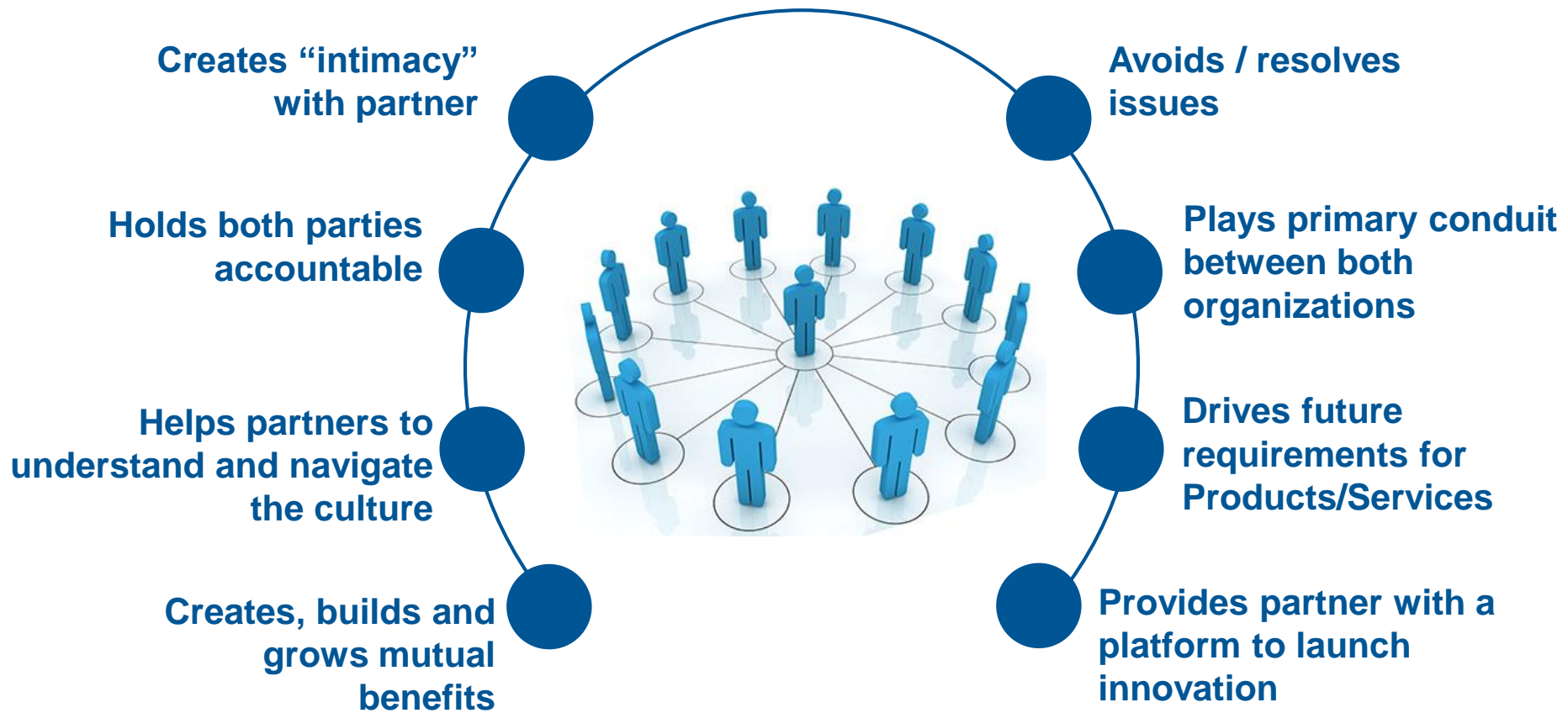
Identifies, assesses and prioritizes risks in an effort to minimize it's impact on the enterprise

This is the role we all play today

Playing the Role of the Risk Manager



Playing the Role of Relationship Manager



Poll



What Role(s) (in addition to Process Expert) is your organization playing today? (check all that apply)

- A. Strategic Business Partner**
- B. Change Agent**
- C. Relationship Manager**
- D. Risk Manager**
- E. None of the above**

Questions ??????????

What Needs to Change

Role of the Commercial Professional

Content vs. Context

New Required Competencies

New Approach & Process

Context is . . .



. the interrelated conditions in which something exists or occurs

. . . . the circumstances that form the setting for an event, statement, idea, object or solution, and in terms of which it can be fully understood and assessed.

Famous Quotes

**Michael Lopp,
Software Engineer
Pinterest**

"Content without context is noise."

**Terry McBride , CEO
Nettwerk Music Group**

"We are seeing a profound shift from content is king to context as king. With the mobile app revolution in full swing the need to own goes away, the need to access goes way up."

**Clark Sorley, Producer
and Composer**

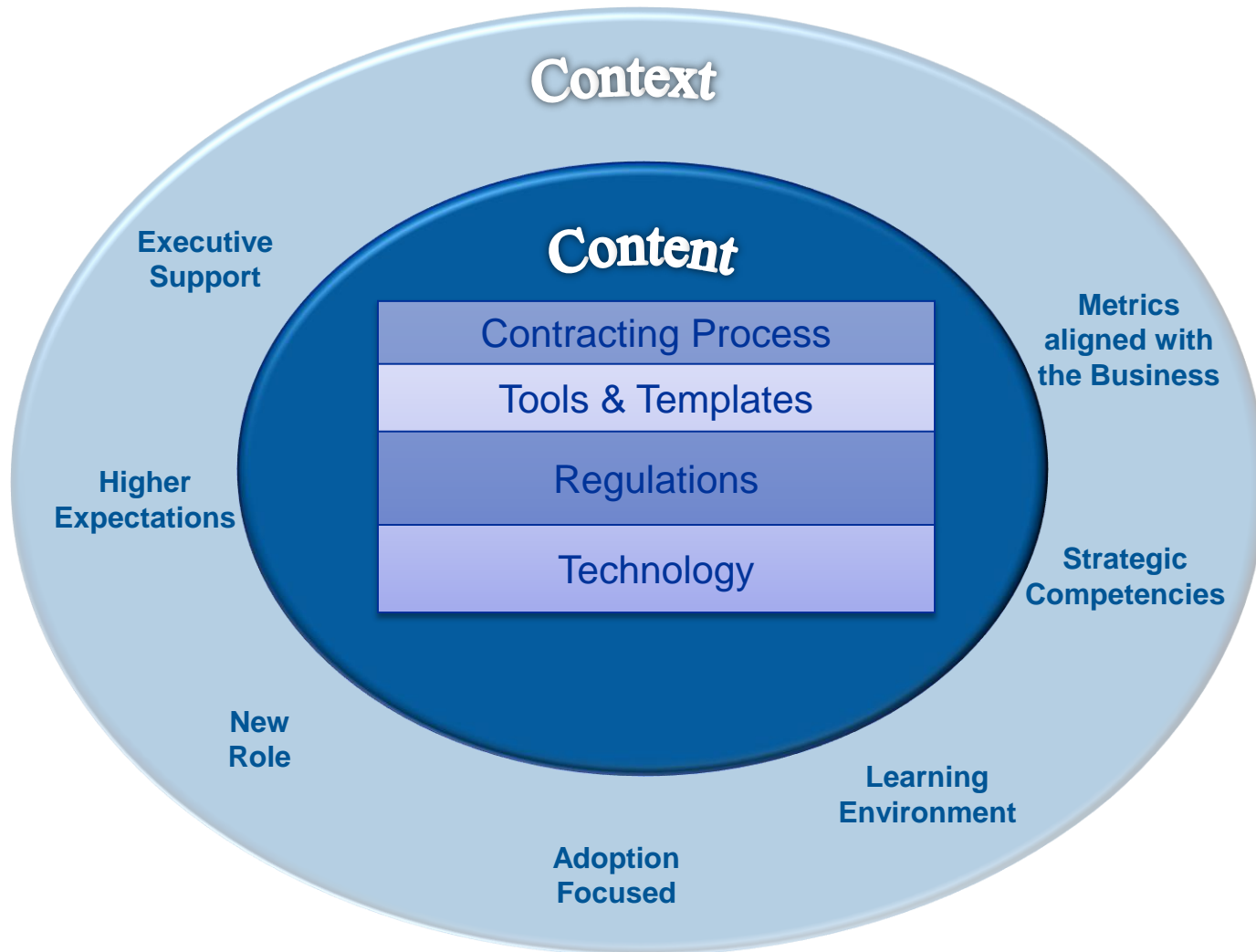
"Context is king in everything. It's not what you do but the environment in which you do it that ultimately determines success."-

**Harsha Bhagle,
Journalist**

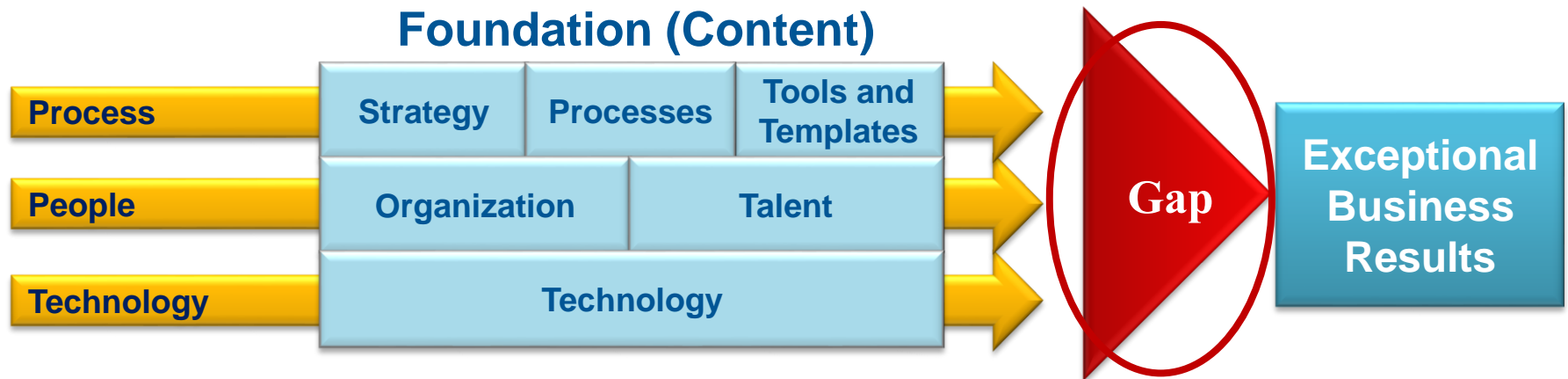
"Sometimes your greatest strength can emerge as a weakness if the context changes."

Marina Abramovic , Artist

"If you're a baker, making bread, you're a baker. If you make the best bread in the world, you're not an artist, but if you bake the bread in the gallery, you're an artist. So the context makes the difference."

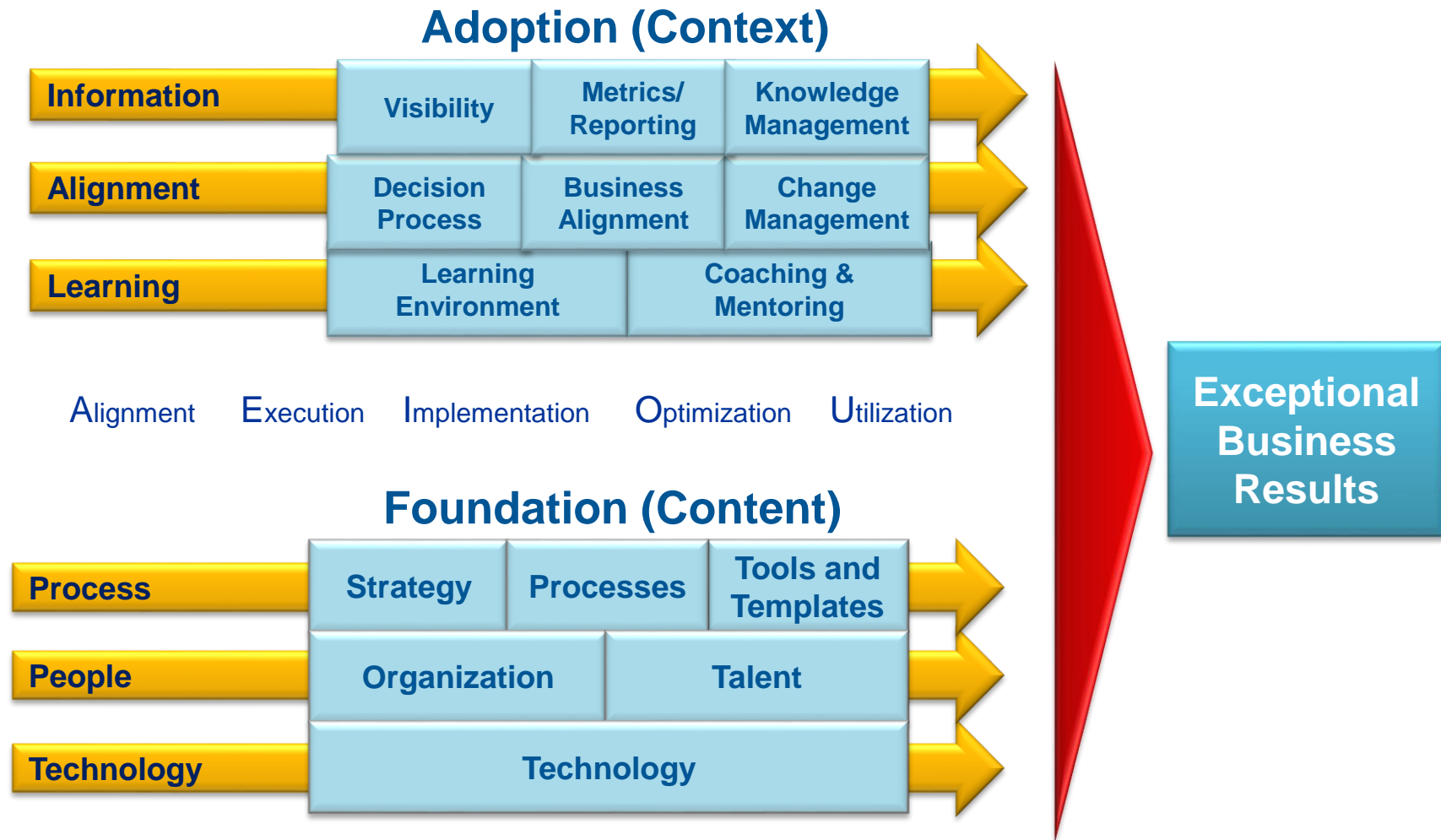


Companies Have Made Huge Investments in Best Practices to Become Market Leaders



***....With Promises of Competitive Advantage
And Exceptional Business Results Yet There Remains a Gap***

Clearly, the Foundation (Consonants) is not enough....we must have the Vowels (AEIOU)



Poll



Do you believe enough attention is paid to “context” as opposed to content as you are going through a change?

A. Yes

B. No

Questions ??????????

What Needs to Change

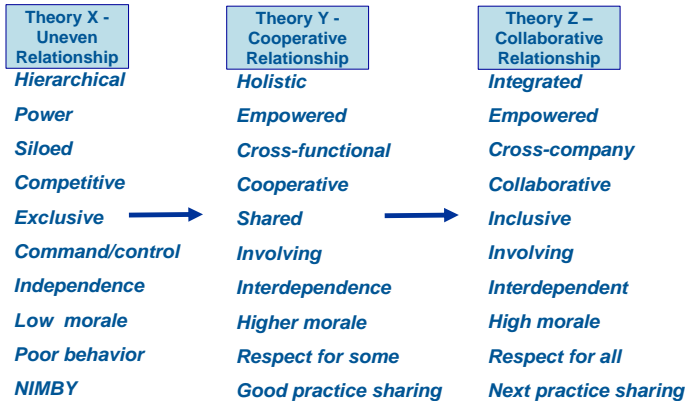
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What New Competencies are Required?



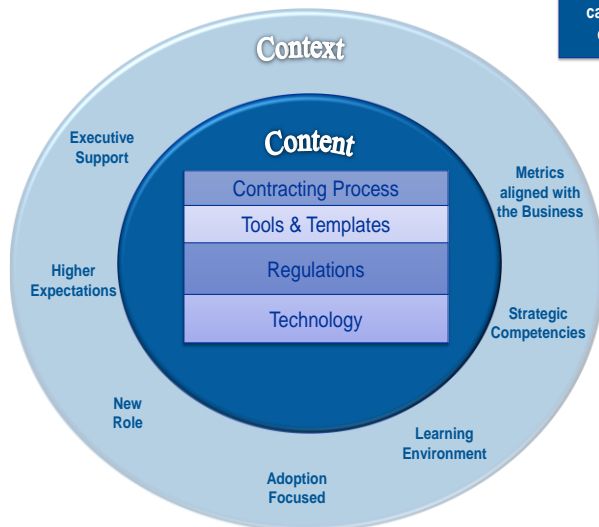
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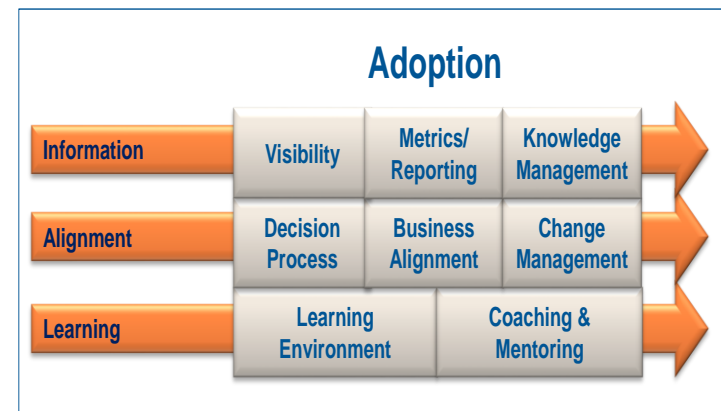
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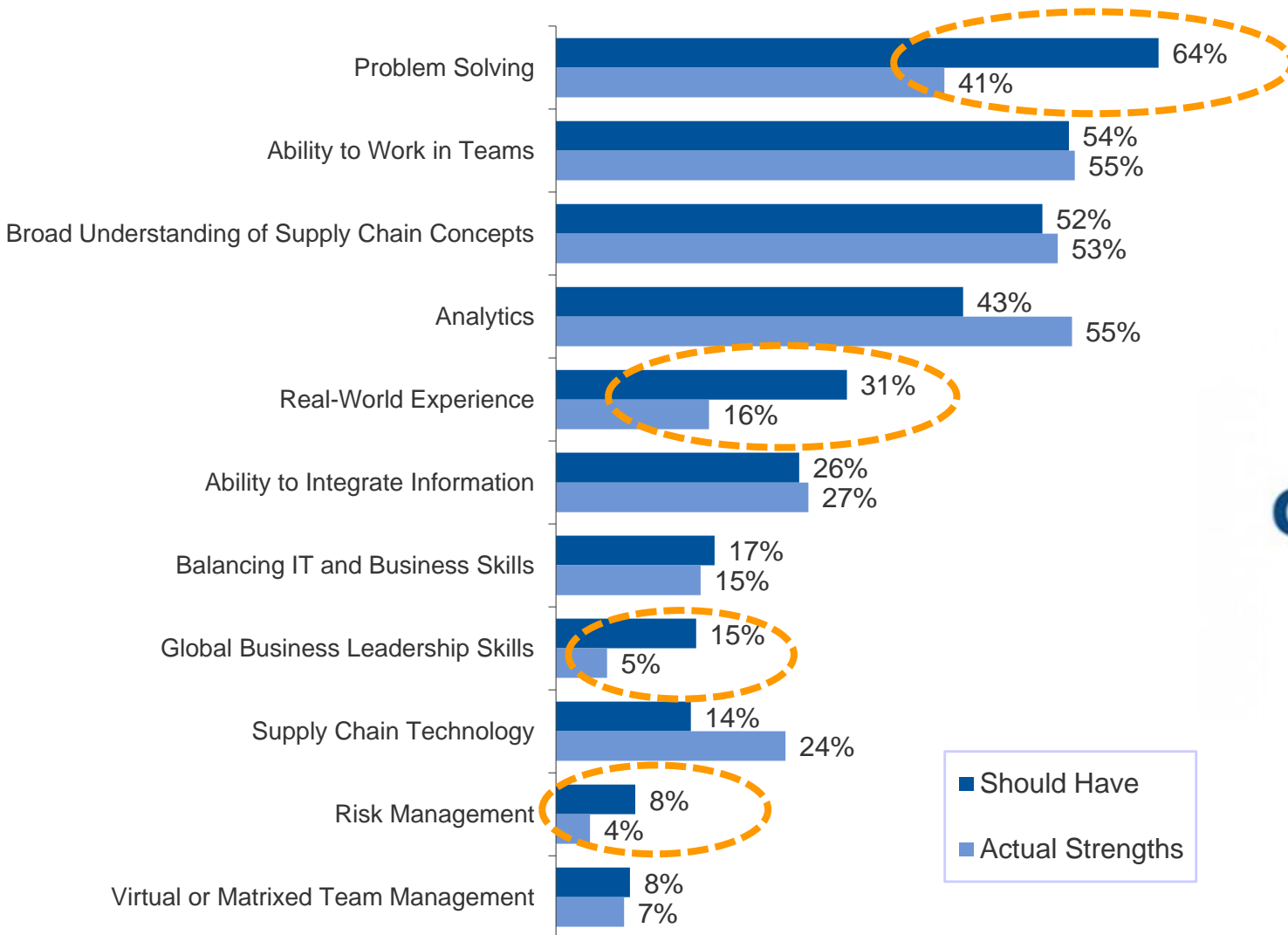
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- What C-Level Executives Demand of the Contracting Organization**
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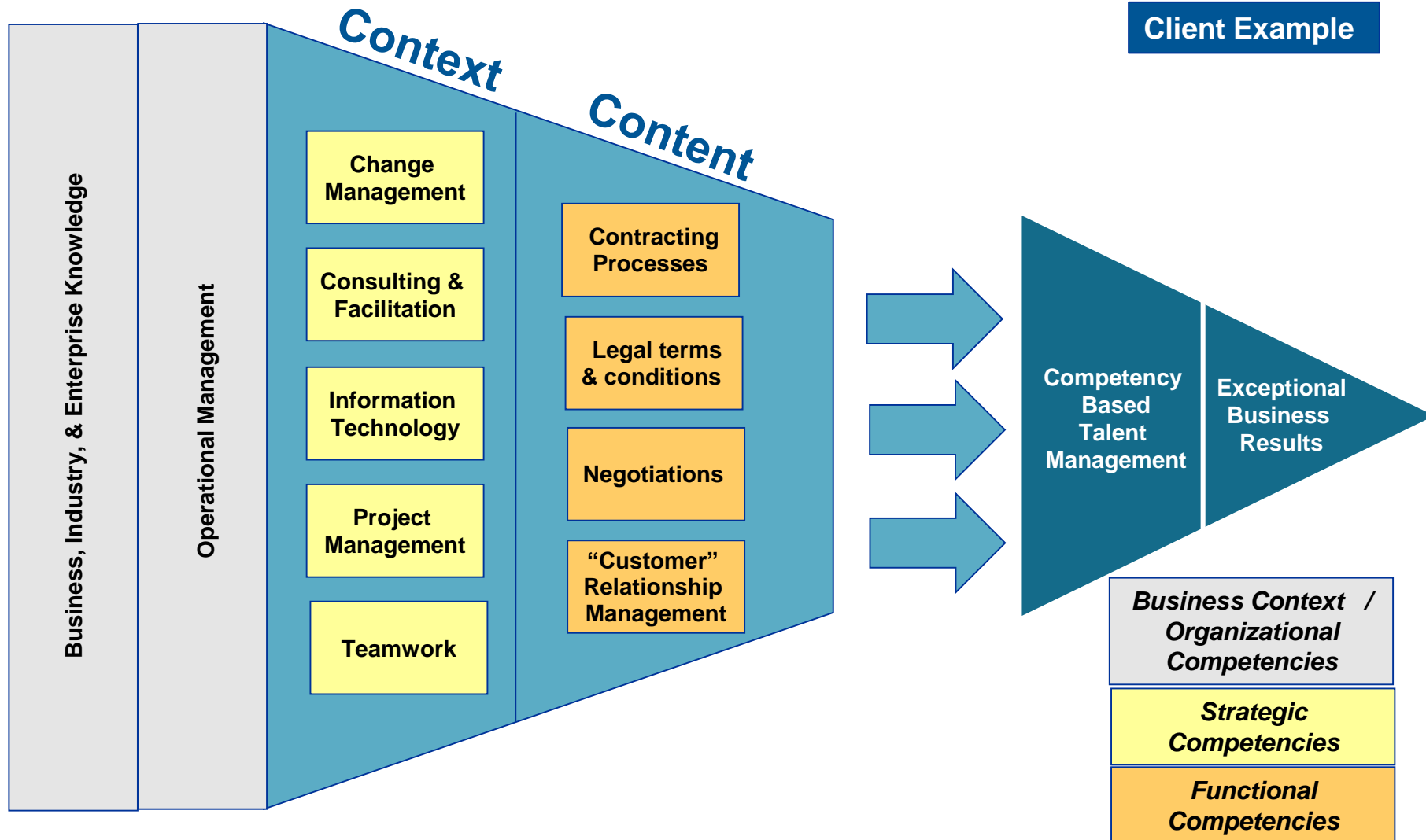


Big Gaps in Problem Solving, Real-World Experience



Gartner

Functional vs. Strategic?



What is Competence?

Performance that Consistently Achieves a Standard

- A set of behaviors that encompasses skills, knowledge, abilities, and personal attributes that, taken together, are critical to successful work accomplishment
- Requires application of knowledge and skill within a specific context
- Often requires demonstrable performance over an extended period of time
- **MUST** be focused on organizational competencies – **CANNOT** be limited to “individuals”

Competency Based Talent Management or Training?

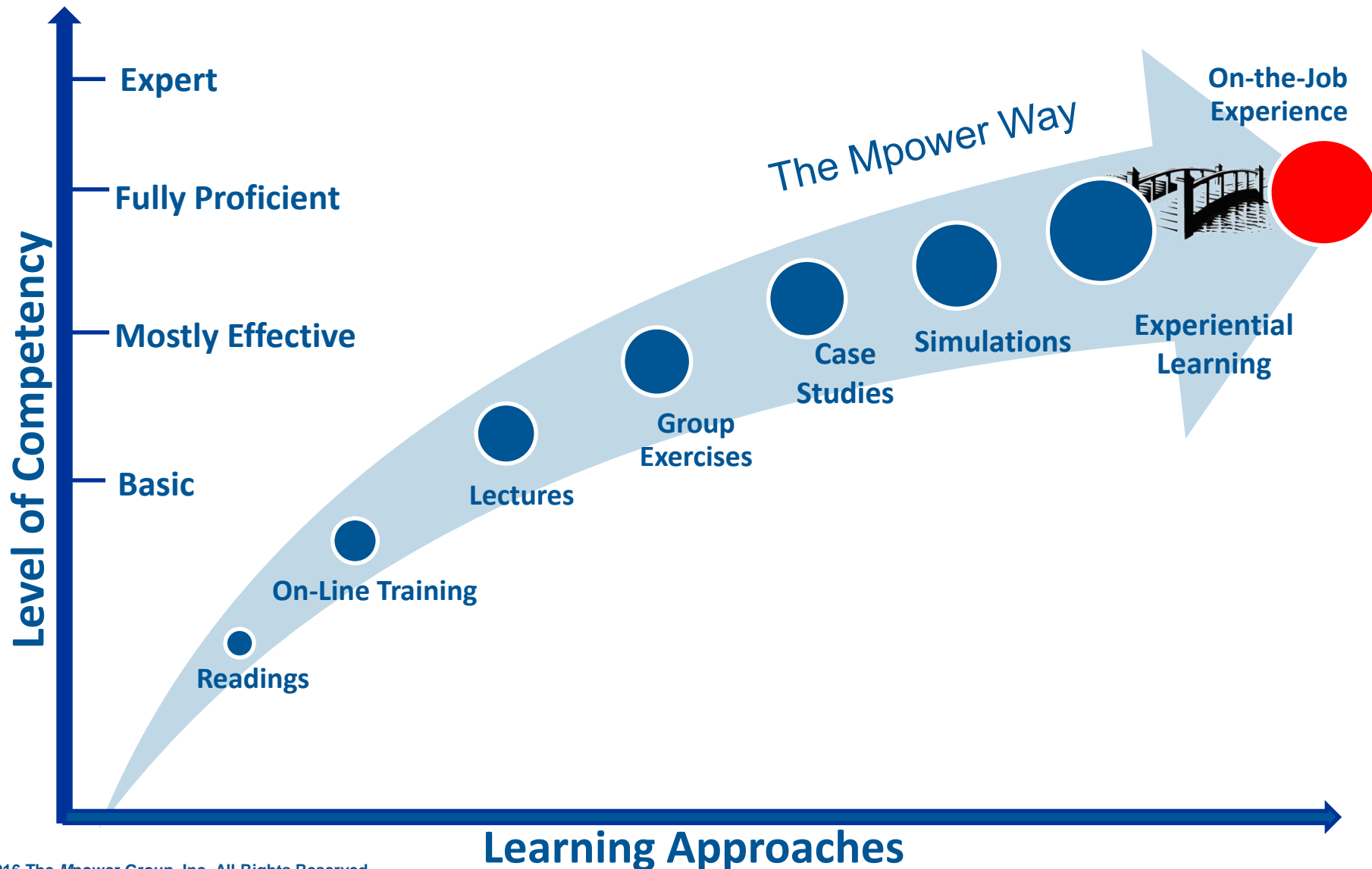
Training
Focuses on <u>functional skill building</u>
<u>Point in time</u> knowledge transfer
Develops <u>individual</u> skills
Success is measured by a <u>quiz or survey</u>
<u>Practice ends</u> in the classroom
Course work is <u>modularized</u>
<u>Full curriculum</u> can be delivered on-line

Would you rather be here?

Competency Development
Focuses on <u>developing new behavior</u> – skill, knowledge AND ability
<u>Requires application</u> within context
Creates <u>organizational</u> competency
Success is measured through <u>demonstrable performance</u> over time
<u>Adoption begins</u> in the classroom
Course work is <u>integrated</u>
<u>Some courses</u> can be delivered on-line

Or here?

Different Approaches Yield Dramatically Different Results





What Needs to Change

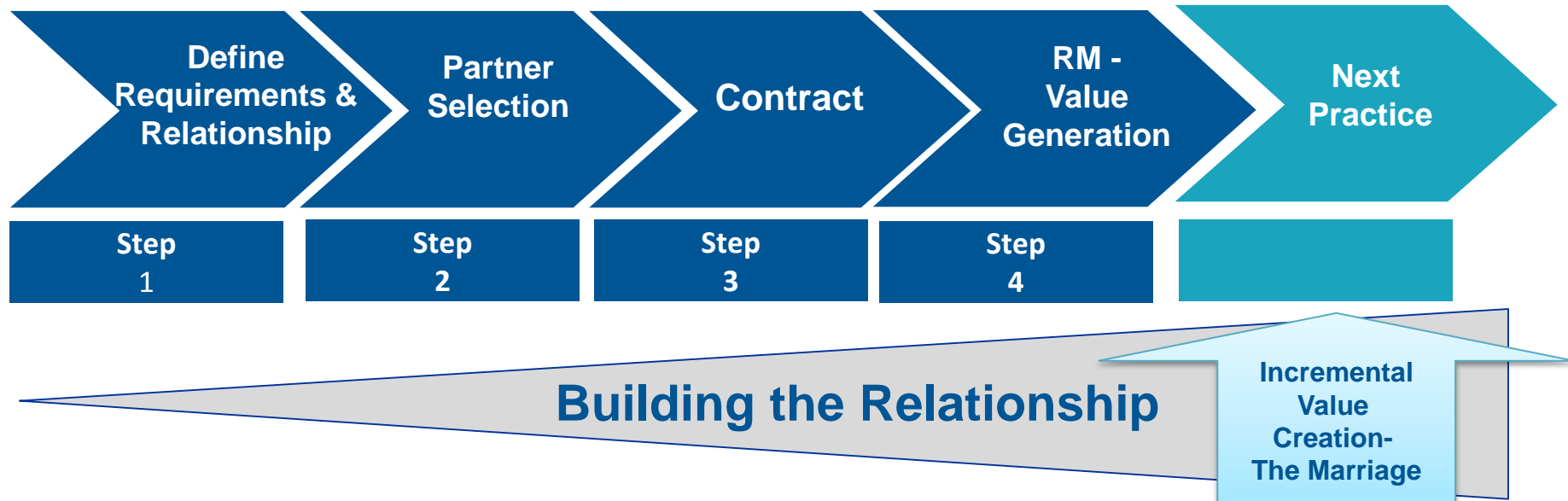
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The Real End Point – Relationship Building Process

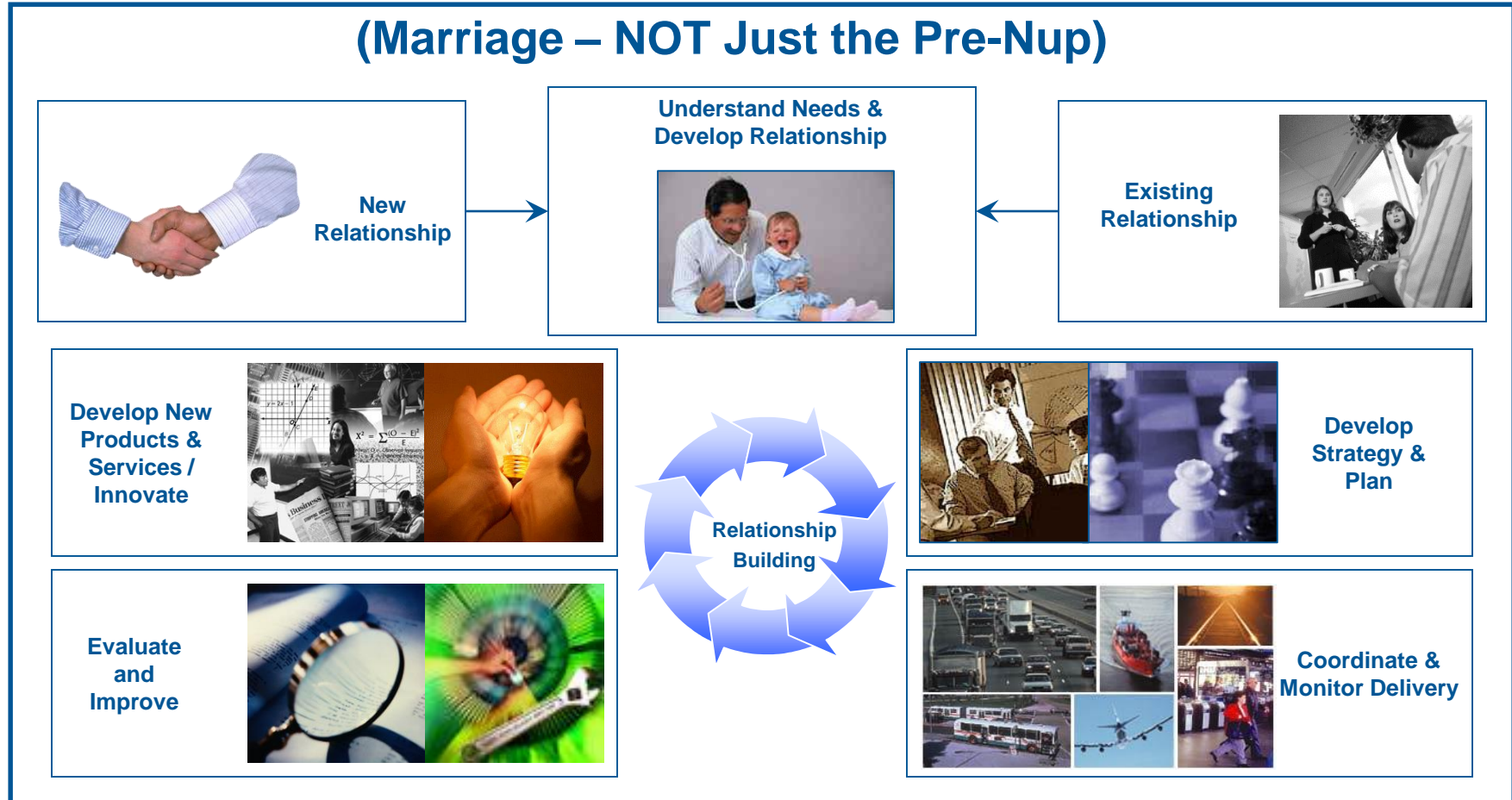


With real end point in mind...

- **Contract is an intermediate step, not the goal**
- **Everyone acts differently throughout entire process (Theory Z)**
 1. **Defining requirements & relationships**
 2. **Partner selection**
 3. **Negotiations and contract**
 4. **Ongoing Relationship Building**

Next Practices for Relationship Building

(Marriage – NOT Just the Pre-Nup)



You MUST focus on Build & Improve NOT Monitor & Manage

Next Practices for Relationship Building

Understand Needs & Develop Relationship



Develop Strategy & Plan



External & Internal

- Partner environment (context)
- Mutual goals / needs
- Interaction types and points
- Communication plan
- Relationship manager(s)
- Governance structure
- Mutual strategy and measures
- Roles & accountability
- Operating principles

The likelihood of success or failure of the relationship is strongly influenced by these attributes

. . . . and is **OFTEN** overlooked

Understanding needs and developing the strategy on both sides is the first step to developing a relationship that will be mutually beneficial

Next Practices for Relationship Building

Coordinate & Monitor Delivery



External & Internal

- Integrate interface teams
- Joint measures
- Monitor service support & delivery
- Mutual accountability
- Issue resolution
- Ongoing communication

This attribute is necessary and the one that organizations are most comfortable with

Looking at the relationship from both sides will provide a balanced perspective to where the improvement opportunities reside

Next Practices for Relationship Building

Evaluate and Improve



Develop New Products / Services & Innovate



External & Internal

- Revisit goals
- Mutual evaluation
- Improvement opportunities
- Change where appropriate
- Benchmark against Next Practices
- Innovation sessions
- New business opportunities
- New products & services

The ability to grow and extend the value delivered is determined by these two attributes

. . . . and is OFTEN overlooked

Truly collaborative relationships offer the opportunity to expand the value proposition on both sides

Poll

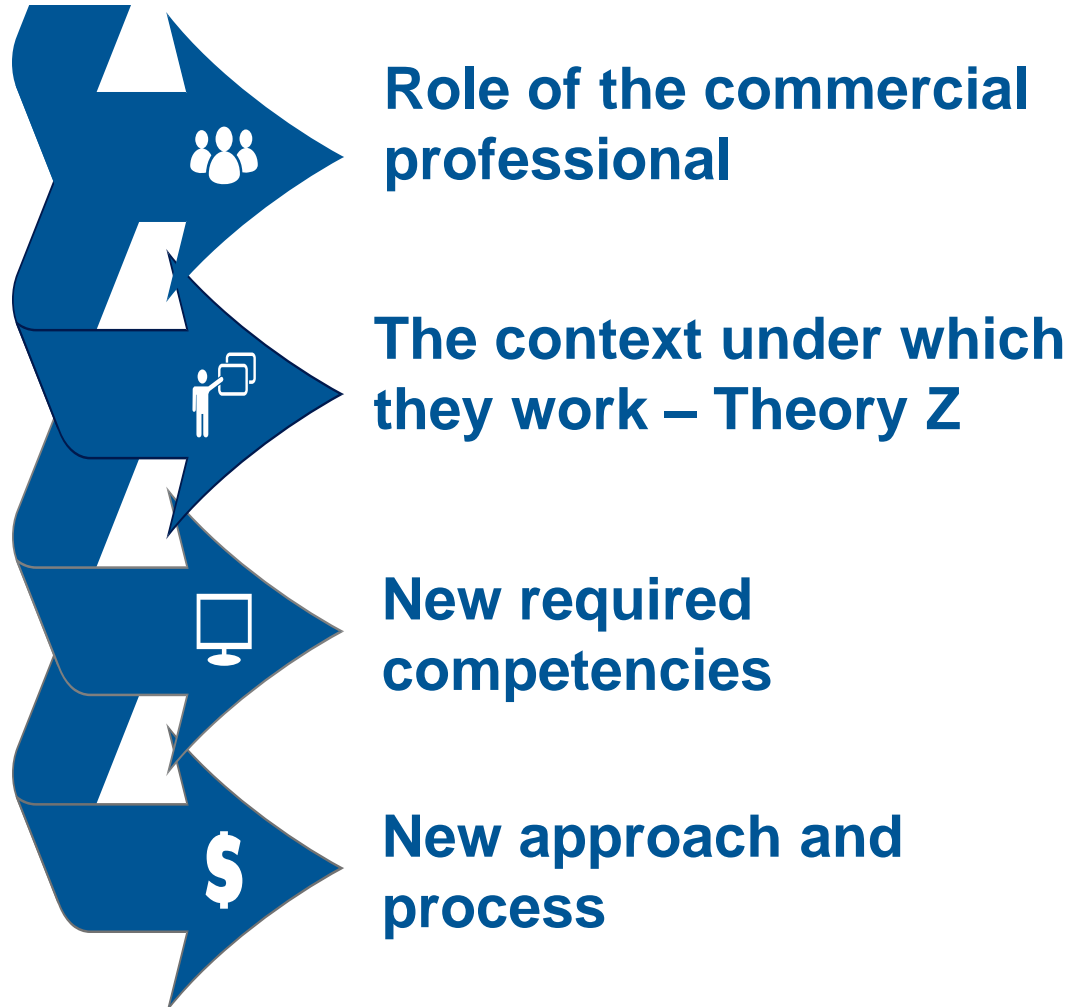


Where does your organization spend most of its time?

- A. Understand Needs / Develop Relationship & Develop Strategy and Plan**
- B. Coordinate and Monitor Delivery**
- C. Evaluate/Improve & Develop New Products / Innovate?**
- D. Equal time among all steps**
- E. We don't do any of this**

Questions ??????????

To Build High Value Relationships We Need to Change



Join Dalip Raheja (The Mpower Group) and Tim Cummins for an exciting new two-part virtual workshop in February and March: “The Why & How - Contracting Must Change and What will Happen if We Don't?”

Session One: We Must Redefine the Role of Contracting in light of worldwide changes and the business context we live in, but How and Where do we Start?

- Who are the key stakeholders (internal and external) that will be impacted by and / or facilitate the change?
- What are the Stakeholder Decision Drivers?
- Why it is important to move from competing to collaborating?
- Why do adversarial relationships with trading partners destroy value?
- What is the business benefit of making the change happen?

Session Two: What Needs to Change and How to Do IT?

- What is the changing role of the contracting function and how it can be a competitive differentiator?
- Why is the change necessary?
- After assessing the above, where are you today and what must you do to transform?
- How do you make the transformation happen?
- What is the business benefit associated with the change?

Contact me at annek@thempowergroup.com with any questions OR if you are interested in taking a short assessment on Building Relationships

About The Mpower Group

The Mpower Group is in the business of *Mpowering* our clients to accelerate Exceptional Business Outcomes by unleashing the full potential of their organizations. We are a global consulting firm dedicated to serving the needs of Fortune 500 Supply Chain (buy & sell side) organizations. We help our clients by:

- Accelerating Strategic Transformation: Rapidly move client organizations along The Mpower Group's *Supply Chain Maturity Model* to peak performance levels.
- Competency Based Talent Management: Advance the competencies of our clients' professionals to World-Class performance levels.
- Maximizing Deal Value: Help clients realize the full value from large and/or complex deals by focusing on A) "Customer" Value Drivers before and during negotiations, and B) an adoptable, sustainable implementation once the deal has been reached.

The Mpower Group is a World Class consultancy that delivers big results with a boutique feel.
We are Woman and Minority owned.

Our Selected Clients

