

# How to build collaborative relationships

**What we achieve comes from ‘how’ we go about it!**

By Wayne Harrison

The complexity of networked business communities, generational changes and the emphasis on intellectual capital over physical assets is elevating the need to give many stakeholders a decision-making voice.

These changing environments can cause decisions based on positional power to be less effective and can lead to the risk of shallow, short-term transactional behaviours; the type of behaviours that focus on value claiming rather than the relationship’s best interests.

New approaches are needed, and an increasingly attractive alternative is to build Collaborative Relationships that promote value creation for both parties. This requires decision making to produce longer lasting and more equitable relationships that are underpinned by shared interests and mutual gain.

In this article we will explore the constraints that need to be overcome to build long-term collaborative relationships. We will also propose frameworks that can empower you to navigate divergent views and manage obstructionist behaviours.

The use of these frameworks can reduce the associated costs and adversarial nature of transactional relationships, and enable both sides to have more predictable outcomes and a culture of cooperation.

For those accustomed to using their positional power, a move to a collaborative and consensus-seeking approach can be confronting. The mindsets evident in Collaborative Relationships contrast to the transactional behaviours shown in the sidebar.

MINDSET CHOICES	
<b>COLLABORATIVE</b> <ul style="list-style-type: none"> <li>• Long term focus</li> <li>• Value creators</li> <li>• Listening to understand</li> <li>• Focus on shared interests</li> <li>• Share information</li> <li>• Multiple issues &amp; create options</li> <li>• Demonstrate forgiveness</li> </ul>	<b>TRANSACTIONAL</b> <ul style="list-style-type: none"> <li>• Short term focus</li> <li>• Value claimers</li> <li>• Listening to make judgements</li> <li>• Focus on protecting own interests</li> <li>• Withhold information</li> <li>• Single issues &amp; impose solutions</li> <li>• Seek to get even</li> </ul>

*“If we had realised the contract’s success came from the strength of our relationship and shared interests, we would have given more thought to how we made them feel”.*

## Using Collaborative Principles to underpin the relationship

To prepare for a Collaborative Relationship it is important to separate the desired outcomes from the way in which the relationship will be managed.

The key resource for influencing others is to build strategies based on a full understanding of needs and personal motivations. The failure to understand the other party’s needs is a major reason why relationships are unsuccessful and one party sometimes feels aggrieved.

When we consider our needs alone, we are dealing with only half of the relationship’s equation. Once you have clearly identified the needs of the other party, it becomes much easier to align your needs and identify the common ground that can create shared values, cooperative behaviours and a sustainable relationship.

An effective way to sustain the relationship is by developing a set of Collaborative Principles that define how it will be managed. They can become a foundation for policies and the agreement’s governance framework. They also give everyone involved a voice and provide a more structured and transparent communication process.

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## Six key Collaborative Principles

1. Agreements formed are long term and procedural rules are transparent and unambiguous.
2. Issues are framed being mindful of the long-term impact on the relationship and reflecting the opportunity for mutual gains or mutual losses.
3. Agreement building is inclusive, avoids bargaining, and values the collective knowledge and skills of both parties above perceived status.
4. Information-sharing boundaries are agreed in order to create value.
5. Communication exchanges build trust through verification and by preserving esteem through face-saving options.
6. Power imbalances are diminished by both parties seeking value creation ahead of value claiming.

The rigor and relevance of these principles comes from the contribution of both parties and their acceptance at each level of a negotiation. These principles are particularly valuable where there is an ongoing need to manage diversity that is accompanied by differences in values and behavioural styles. An example is when a culture of tolerance is needed to manage religious, gender and generational differences.

In Collaborative Relationships, contract price becomes secondary to long-term mutual gains, and negotiations that manage conflict and draw out all the issues to create value are the norm.

### Making the change

When moving from an existing contractual relationship into a long-term Collaborative Relationship, you are likely to hear the question, "Isn't this more of the same?"

One of the first changes felt is the continual referencing of the Collaborative Principles and the suspension of judgements to enable perspective taking from both sides.

As those involved start to detach from what is familiar, their obstructionist behaviour diminishes and they begin to test the boundaries and meaning of working differently.

*"They become aware there is more to be gained by connecting organisations than behaving like silos".*

As previously unrecognised problems are identified, opportunity arises to create differentiated products and services that raise customer satisfaction levels. As this adjustment continues, people start to observe deeper relationships and find it more intuitive to examine problems from a joint perspective.

The anxieties that had been felt earlier are replaced by feelings of empowerment to implement solutions, and the desire to acquire new skills and adapt to new ways.

The changes are imbedded so that each side willingly relinquishes the past and comes to realise that shallow and positional relationships have been replaced. Gone too are the recurrent costs associated with unpredictable, one-off relationships. Instead each side gains the sense of empowerment that comes from being part of a more predictable and ongoing relationship.

## 6 Communication Stages



### A framework to influence and communicate

A key element of any long-term relationship is that it offers procedural fairness and trust at manageable levels of exposure. This means having a transparent communication process that shows how and where decisions are made, the procedures used, and how the results are disseminated.

To communicate, negotiate and manage conflict more effectively, procedural fairness can be managed through six communication steps. These can be paced to cover either a single issue or all issues simultaneously.

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## 1. The prelude

Typified by converging views about what might be possible and collaborative behaviours. This stage puts into place the process that lets each side discover if their needs can be satisfied.

## 2. Discovery

A focus on surfacing the issues and understanding the preferences each side holds. As views become divergent and tension rises it is important to manage the conflict by applying the Collaborative Principles.

## 3. Problem solving

Both sides focus on creating options that provide mutual gain and that are better than what could be created without each other.

## 4. Decision making

Each side confirms the decision making criteria and that they have a mandate to make binding decisions. Impasses are navigated and agreement is reached by exchanging low-cost, high-value concessions.

## 5. Performance

Earlier commitments become actions, and compliance monitoring and enforceable contingencies increase the likelihood that the intended outcomes will be achieved.

## 6. Evaluation

With stakeholder involvement there is a focus on how the relationship is working and an assessment of the value that has been created or reasons for inequity in the relationship.

## Keeping the relationship productive

To ensure that the relationship is productive, it is essential that its desired outcomes are known and achieved. A useful way to bring clarity and responsibility to the desired outcomes is by establishing a Contract Governance Board. This involves representatives from both sides determining the strategic outcomes and responsibilities. These can include:

- Strategic direction and understanding of each party's business model, priorities, constraints and business processes
- Determination of decision-making responsibilities and procedures

- Establishment of risk/reward metrics and responsibility for financial performance.
- Establishment of guidelines for sharing infrastructure, such as facilities and IT, whether owned or outsourced.
- Assessment of customer satisfaction with product/service quality, market reach and technology capability.
- Assessment of the relationship's ability to achieve milestones, be innovative, and deal with conflicts about contractual obligations and the failure to disclose information and share ideas.

Like all relationships, Collaborative Relationships are subject to complacency, changing environments and competing demands. In our model, renewal comes from both sides identifying what makes their relationship difficult to substitute and what is strategically important.

*“Collaborative Relationships rely less on positional power, they encourage new thought leaders to emerge and create value through their know-how and ability to influence”.*

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**Wayne Harrison** is the Founder and Principal Consultant of Pathfinders Downunder. He is a highly respected strategist and thought leader on negotiation and communication. His know-how is regularly called upon by leading organisations to harmonise and navigate divergent views that arise when differences over resources, strategy, organisational change, risk and cultures are involved.

Wayne is an accredited Mediator, and a Fellow of both the Australian Institute of Company Directors and the Australian Marketing Institute. He holds Board experience and is the Author of FROM HOPE TO STRATEGY – *The Anatomy of Negotiation*

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