



Relationships – the key to building a resilient business

By David Cannon, Managing Director of AndersonLaing

Most people believe life at work is much better when people get along, are well mannered, friendly and supportive of each other. It's nice to be nice. The question is does improving relationships between business people significantly contribute to the bottom line? At AndersonLaing we believe it does. In fact we think it will be the number one competitive advantage in the future.

So where is the money?

In the recovery from the Great Recession much of the ability of a business to increase profit is about preventing loss of profit. Having worked hard to earn money in a highly competitive marketplace companies can wake up to discover a large slice of that profit has been siphoned off by:

- fines and accompanying litigation costs for breaching regulations
- reputation destroying events leading to the erosion of customer trust, irreparable damage to the brand and fall in share price
- illegal activities by internal rogues or external cyber-criminals
- the unexpected departure of key players leaving to join a competitor
- public agencies imposing restrictions such as forcing companies to be broken up
- a rapid change in the political environment of countries you operate in.

These and a host of other value-destroying events cause investors and members of the general public to ask, "How could this have happened?" There are plenty of examples illustrating the impact of these undetected and unmanaged risks that can bring a company to its knees:

- VW employees installing software into their cars aimed at cheating emission standards
- the breakdown in communication between BP engineers and their sub-contractors resulting in the Deepwater Horizon disaster
- the sale of PPI by corporate bankers leading to massive compensation awards
- Ryanair waking up to the fact their profitability could be easily enhanced by simply treating passengers with more respect
- grocery chains missing a critical shift in the buying behaviours of their customers
- individuals within investment banks, typically described by colleagues as "nice guys", colluding to fix prices and make illegal trades

Where was the radar to pick up on these costly events before it was too late? Where was the accumulated organisational wisdom needed to prevent the problem from turning into a business nightmare? In a world of technology enhanced communication why was there an absence of challenging conversations about the threat earlier on?

Too little, too late

The common factor in almost all of these destructive business events, as well as dilemmas in our personal lives, such as divorce or conflict with our teenage children – is doing too little too late. Why does this happen?

It happens because relationships have broken down, been eroded or never existed from the start. Whilst there may be evidence of “pretend relationships” when you dig deeper you discover a scary number of people reducing their personal risk by simply going along with whatever is happening. Part of this is the result of fear, but an even bigger reason is the absence of relationships of substantial depth to enable the difficult conversations required to safeguard against serious risk before it strikes.

Are relationships harder to do today than in the past?

Yes. And there are a host of good reasons why the critical safeguard of strong relationships is increasingly difficult to develop. These include:

- **The added challenge of diversity** – instead of working with “people like us” we now find ourselves working with individuals who are of a different gender, a different age, a different way of thinking, a different background and accompanying belief system. This makes life rich and varied but it also means you need to make a bigger and more skilful effort to forge a real connection with colleagues, bosses, team members, suppliers and customers. Understanding other people’s worlds has become a whole lot more complicated.
- **The greater reliance on bright intellects** – the future success of many of our businesses will require the inclusion of increasing numbers of highly intelligent and technically brilliant men and women. Although amazing clever and creative some of these bright individuals may not be particularly strong when it comes to the social skills needed to build personal relationships. Some will not be particularly interested in doing so. [* check out the button on this website entitled – ***Cognitive and Neurological Diversity – A growing organisational challenge***]
- **The Next Generation** – studies on Millennials suggest they are a generation who have a reshaped the nature of relationships. Growing up on social media has led them to have a larger and wider range of relationships than the generations before them. Outside their inner circle of best friends, connections with others is often

maintained through tech devices rather than face-to-face encounters. Research shows substantial numbers of young adults actually prefer to interact with work colleagues, even those a few desks away, through texts and emails instead of talking with them in person. Given that many young women and men expect to move between a range of “gigs” during their working life they may not see the point in developing the deeper connections which come from investing yourself in a particular employer.

- **The reality of working with people based in different geographies** - having team colleagues and customers based in various parts of the world creates barriers. Restricted travel budgets due to cost cutting means you may rarely get to meet colleagues, team members or even your boss. As a result, people find themselves forced to forge relationships via the media of audio and video calls.
- **The decline of off-site development programmes and the rise of on-site coaching** - in the past attending a company development “course” was a unique opportunity to meet and network with a range of people working in the business. Money formerly spent on these programmes is now channelled into providing personal coaches primarily for middle and senior level managers. Whilst coaching helps prepare women and men for larger roles it may also reinforce individual self-interest. An executive coach can find themselves slipping into the role of career counsellor working with their coachee in helping them to get a bigger job or more life/work balance - in another firm.

Thinking about this differently

At AndersonLaing we have decided to have a distinct focus on what we call relationship-centred coaching and events. Our hope is to convince organisations to think strategically about the long term risk they are putting their enterprise in by unconsciously letting the bonds between their people erode. Our desire is to work with businesses interested in building and strengthening those bonds as an essential element of corporate risk management.

What can you do?

When great performers, producers and innovators come to tell you they have decided to leave the firm and take a job with a competitor – well there is not much you can do. At that point in time your control of the situation is gone and you are caught in the too little, too late trap.

When disruptive events morph into overnight disasters coping, quick fixes and praying for good luck appears to be all you can do. However, there are examples of organisations that have learned the importance of how to leverage relationships in order to minimise danger

when things go horribly wrong. These include elite military forces such as the SAS and Navy Seals, firefighters, charities like Medicins Sans Frontieres, top restaurants and some entrepreneurs. This is not to suggest that these lessons are fully transferable to the wider business world. However, they do provide tangible evidence that the bond between human beings which kept our ancient ancestors alive remains vitally important.

Our wish at AndersonLaing is to work together with businesses to build-in a robust social infrastructure as a strategic initiative aimed at hedging against “How could this have happened?” situations. Rather than continuing to think there is nothing you can do there are in fact tools and tactics to decrease risk through the power of relationships. We don’t pretend to have the gold-plated 100% answer but we do have ideas and the strong desire to work with business leaders who think, like us, that this is important.

Let’s talk

If this arouses your interest get in touch. Rather than be the victim of events there is something you can actually do. We can provide a brief presentation aimed at stimulating a conversation about the role of relationships in ensuring your organisation is as resilient and secure from future threats as it can be.



ANDERSONLAING