The secret weapon of the enlightened business

What quality relationships can do

Alison Myers, a Relationships Foundation associate, reports on research with The Talent Foundation.

We believe relationships are important. But just how important are they? And how do we convince the sceptics in the business world that good relationships really are a “must have” rather than a “nice to have”?

In mid-2001 I led a group from The Talent Foundation, a small research and development organisation, to carry out a survey of over 850 UK organisations previously recognised by the Design Council for their innovation. Our aim was to find out how these innovative organisations were performing. We expected to find them all thriving, but found instead that only 65% were growing and experiencing better performance; 15% were doing no better than 5 years ago, and 20% were doing worse or no longer existed. So we set out to find out what the best performers were doing that made them different from the rest.

We found that there were seven crucial characteristics that marked out the best performing businesses, and that quality working relationships underpinned at least five of these:

1. Knowledge sharing

In our information rich world, sharing ‘what you know’ is key to the success of a business. We were therefore not surprised to find that top performers make a deliberate effort to get people sharing their knowledge. Compared to low performers, they are 40% more likely to facilitate the sharing of experience, and 30% more likely to find ways of stimulating communication.

Less than 10%, however, attributed their success to the use of knowledge management software and strategies. The key seemed to be having strong relationships in place at all levels of the organisation – something top performers are twice as likely to have as weaker performers.

2. Managing change

Businesses must be flexible enough to rise to the challenges posed to them by changing markets and climates. The survey discovered that the top performers found it substantially quicker (by 30%) and easier (by 50%) to make the necessary changes. Again, relationships were key to this: they were good at managing change because they could rely on their relationships to be the glue holding the organisation together in the midst of changing structures and processes.

3. Motivating and retaining

Staff retention is a perennial business problem, particularly when it costs thousands to recruit and train new staff. It is no surprise, therefore, that the top performing organisations experienced very high levels of loyalty from their people. The survey found that managers and team leaders in these organisations really know their staff and take an interest in them as individuals – for instance, they are 70% more likely to take an employees' preferences into account when they assign work. Staff know that their contribution is valued and that when they do put in extra time and effort, it will be noticed and appreciated (they are 30% more likely to receive immediate and personal thanks for their work). Tellingly, these organisations are 60% less likely to dismiss hard work as "just part of the job".

4. Building skills

Skills shortages have been cited many times as a brake on business success. The top performers release the brake by making more effective use of the latent resources already within their workforce. Because they know their people well, they are great at spotting potential that may not be immediately obvious. In fact, they are three times less likely to throw up their hands and complain that they have the "wrong people".

In addition, 90% of top performers had identified "learning from each other" and "learning by doing" as the most effective ways of building skills. And they actively created opportunities for their people to do this – not least by establishing a strong culture of positive personal relationships which makes employees feel safe to ask questions and learn from mistakes.

5. Leadership

For business leaders, sustained business success – with all that it means for shareholder value, business resilience and improving performance – is the number one objective. Unfortunately no leader can just wave a wand and make it happen. They have to rely on people to do it with them. The survey found that leaders in top performers are very good at creating the conditions in which staff can actively contribute to the success of the business.

How do they do it? They are good at working relationally and don't allow a 'them and us' mentality to take root. In 90% of cases they are highly visible and tend to be emotionally involved (more than twice as likely). They are also 50% more likely to show faith in their staff and are markedly better at listening before responding and at allowing mistakes.

So here you have it: the people in the corporate world who, on hearing about the need to invest in relationships, say "Show me the return on my bottom line" only need to look to those companies who perform consistently at the top to get their answer. Relationships truly are the secret weapon to sustained, long term business success. And of course, that is why tools such as the Relational Health Audit are so important.

The Talent Foundation is an independent not for profit organisation that is committed to unlocking talent in the workplace. The booklet on which this article is based, 'Seven Factors for Business Success', can be downloaded from its website at www.talentfoundation.com

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