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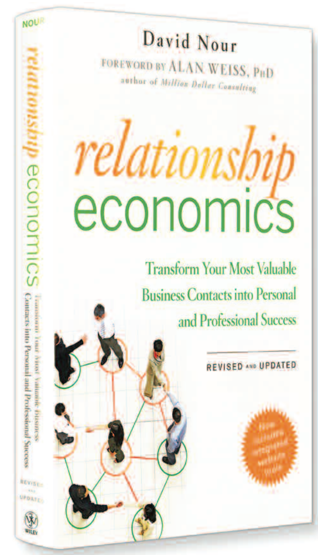
Management

Relationship Economics

Transform Your Most Valuable Business Contacts Into Personal and Professional Success



by David Nour

THE SUMMARY IN BRIEF

What's the most valuable asset you or your business possesses? Is it your physical resources? Your intellectual properties? Your work force? Your skills and knowledge? All are important aspects of business success. But you can't get the most advantage from any one of them if you don't make the right strategic investments in your relationships.

Relationship Economics takes a unique view of business relationships as a platform for long-term business growth and success that goes far beyond simplistic "networking." It is about prioritizing and maximizing a unique return on strategic relationships to fuel unprecedented growth.

Based on the author's global speaking and consulting engagements, *Relationship Economics* explains the three major types of relationships — personal, functional and strategic — and how to focus each to fuel enterprise growth. It also introduces new concepts in relationship management, including the exchange of Relationship Currency® and the accumulation of Relationship Capital®. These are fundamental measures of business relationships, and once you understand them, you will be able to turn your contacts into better executions, performance and results.

IN THIS SUMMARY, YOU WILL LEARN:

- How to take the time to build and nurture the key relationships that lead to long-term success.
- How to turn business relationships into quantifiable variables based on proven concepts from the fields of business development and process optimization.
- How to develop the three major types of relationships — personal, functional and strategic — and how to gain the most opportunity and value from each.
- How to enhance the value of your social capital.

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THE COMPLETE SUMMARY: **RELATIONSHIP ECONOMICS**

by David Nour

The author: David Nour is *the* thought leader on Relationship Economics® — the quantifiable value of business relationships. As CEO of The Nour Group, Inc., he works with global clients in driving unprecedented growth through unique return on their strategic relationships. Nour has pioneered the phenomenon that relationships are the greatest off-balance-sheet asset any organization possesses — large or small, public or private. He has been featured in various publications, including the *Wall Street Journal*, the *New York Times* and *Forbes Small Business*.

Relationship Economics: Transform Your Most Valuable Business Contacts into Personal and Professional Success by David Nour. Copyright © 2011 by David Nour. Summarized by permission of the publisher, John Wiley & Sons, Inc. 303 pages, $19.95, ISBN-13: 978-1-118-05712-4. To purchase this book, go to www.amazon.com or www.bn.com.

For additional information on the author, go to www.summary.com or www.RelationshipEconomics.net.

Why Most 'Networking' Doesn't Work!

I have found that one of the consistent reasons many people become frustrated with networking is that they simply don't believe it produces any quantifiable results. Simply put, they don't think much of their effort really works.

When I simplify business networking into the three stages of preparation, interaction and follow-through, I have identified the top 10 culprits that render traditional networking ineffective. They include a lack of purpose or planning, engagement of the wrong people or the inability to disengage when necessary, and the absent notion of triangulation.

Let's take a quick look at each.

Preparation Phase

In the preparation phase, your goals, strategies and tactics will drive efficiency.

1. Lack of Purpose. By starting with a succinct purpose of personal and professional development, building and nurturing productive relationships become your compass rather than your stopwatch.

2. Fuzzy Goals. Goals are the fundamental link to how you translate great ideas into actionable impacts in your life and in your personal and professional relationships.

3. Lack of a Relationship Development Plan. Your approach to building and nurturing key relationships must be agile, similar to a speedboat, so that if you are not headed in the right direction, you can expeditiously make course corrections.

Interaction Phase

In the interaction phase, different situations mandate unique rules of behavior, which will deliver relationship development effectiveness. Here are some common culprits in this phase.

4. Haphazard and Reactive Efforts. The process of identifying, building and nurturing relationships requires disciplined thought and action.

5. What's in It for Them? You have to find ways to invest in others — or make relationship currency deposits. Find ways to become an asset to others, and link your quantifiable value added to their efforts.

6. Engagement of the Wrong People. Two of the best opportunities to expand your portfolio of relationships are internal company meetings (particularly if you work for a midsize or large organization) and industry conferences.

Follow-Through Phase

During the follow-through phase, systematic, disciplined thought and action will drive recognition.

7. Failure to Arm Others with the Right Ammunition. If you can get to know me, understand my business, and learn what my challenges are, you can uncover ways to help me. And when you do, my next logical question will be, "How can I help you?"

8. Less Than Ideal Relationship Profiles. There are many social networking tools on the market today to help you find specific contacts. Some of the better ones I've found include LinkedIn, ZoomInfo, Spoke and Jigsaw.

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9. Lacking Relationship Insight Validation. You don't want to walk into a meeting or any situation with incorrect or outdated information.

10. Givers, Takers and Investors. In my experience, there are three types of networkers: givers (God bless Mother Teresa), takers (we've all known some) and investors. If I asked your colleagues, customers, suppliers, superiors, subordinates and industry contacts, which would they say that you are?

The Evolution of Quantifiable Relationships

Many organizations have become fairly astute in the measurement and analysis of their hard assets such as inventory, cost of goods sold and return on equity (ROE). The next evolution is measuring, analyzing and capitalizing on their soft assets, including brands, people and relationships.

ROI Reinvented

It is critical to have a succinct understanding of not only the required business strategies today but what the organization will demand moving forward. This includes appropriately aligning people and strategies, a candid organizational assessment, and the proactive management and agile development of an organization's relationship assets. Only then can an organization move toward improving its peak performance.

Relationship competencies — defined as skills, knowledge and relationship-centric values — are critical for the reinvention process of return on investment (ROI) and encompass business strategies, an organization's culture and its leadership requirements. They are meaningful and easily understood, addressing near-term and midterm horizons with a strong future orientation. These competencies have an impact only when fully integrated into the performance evaluation and compensation models across the entire organization — certainly not an easy feat.

Soft assets can directly contribute to the reinvention of ROI. Beyond the traditionally perceived *return on investment*, we have proved the quantifiable and strategic value of relationships in areas such as return on influence, integration, involvement, impact and image. Let's take a closer look at each.

• **Return on Influence.** Only by applying the energy and influence of a highly diverse group of professionals can leaders effectively align personal interests with those of the team or the organization's future aspirations.

• **Return on Integration.** The highly integrated business unit, operating company or division that mobilizes and leverages its broad-based intellectual capital tends to waste fewer cycles in redundant market penetration, talent acquisition and strategic supplier relationships. Instead, its intracompany as well as external relationship development efforts can translate into not only more rewarding, productive work for its current and future talent but also a greater return on capital at a relatively low risk.

• **Return on Involvement.** Generally, three fundamental functions become the critical arteries of an organization's sustainability: membership, programming and fundraising. To maximize your return on involvement, take a leadership role in one of these critical functions.

• **Return on Impact.** As highlighted by Larry Bossidy in his book *Execution*, when people, processes and tools converge with a mindset to execute, you realize return on impact. Those who can consistently deliver performance, execution and results — despite macroeconomic or microeconomic conditions, setbacks, roadblocks and challenges — develop a reputation and a quantifiable return on any investment made for their ability to perform.

• **Becoming an Object of Interest.** "When one comes across as a confident leader, a mover and shaker, they have this sense of destiny about them," commented Jim Boone, president and CEO of CORESTAFF Services. "They are straightforward in their answers, curious, bright, with a lot of energy and drive." They possess what he referred to as the "wow factor"; you get the sense that they have their act together and are going places.

Strategic Relationship Planning

Although most people agree that relationships are important, few actually bother to measure, quantify or leverage them to their fullest potential. And even though every organization creates an annual sales plan — in which it crafts and strategizes around an annual marketing and operating plan — we've yet to find one that says, "For us to be successful in reaching these key goals and objectives, we need to identify, build, nurture and leverage these relationships, and here is how we'll get there."

Here is the challenge: Sociologists tell us that an average individual can proactively manage between 100 and 150 relationships. How do you know which ones to nurture? If you believe my notion that true relationship development (versus transactional networking) is about intentional investments you choose to make, how do you then prioritize which relationships you'll invest in?

Existing, Anticipated and Created Relationships

Planning is extrapolation of the present. Specifically, what am I doing today, and how can I do more of it? For example, the organization evaluates its current portfolio of products and services, market conditions, and its sales force and plans a revenue growth target. It then divides that target among its sales force, so Steve, who has a geographic territory or a handful of named accounts, will have to generate $10 million in top-line revenue as his quota for next year. Steve then starts to panic because he generated only $7 million in sales this year; he decides which accounts, transactions and thus relationships he needs to reach his new target. What Steve and his organization are thinking about is often their "existing relationships," which for many is a very limited universe, compared with anticipated or, better yet, created relationships.

Strategy, on the other hand, is painting a picture of the future and developing a path to get there. Think of John F. Kennedy's proclamation of a moon landing in 10 years, when at that time, the country wasn't even close to accomplishing such a monumental task. Think of truly visionary leaders who join an organization and develop that vision of the future; they quickly nurture intracompany as well as externally focused relationships to recruit top-notch talent, fuel the vision and the mission with the necessary resources, and execute a set of priorities to bridge the current state with that future state.

Relationship strategy works the same way. What does that future vision look like? A much bigger universe that encompasses existing relationships as well as the ones you'll need to anticipate and, in many cases, new ones you must create.

Unprecedented growth from a unique return on your strategic relationships is derived from developing a relationship strategy focused on the future.

Understanding the Science of Social Network Analysis (SNA)

Relationship economics is about understanding both the art and the science of business relationships. It has been my experience that although many get the art — 30-second introductions, remembering names, building rapport — few truly understand the science.

Five Functional Areas Where SNA Can Be Most Applicable

There are five fundamental areas that can greatly benefit from the quantifiable value of business relationships.

1. Revenue Growth. Social networks can help you focus on your core competencies while you explore innovative business and revenue models.

2. Leadership Development. A fundamental core competency of a true leader is the ability to gather multiple sources of information, extract insights from that information, make sound decisions, and then effectively communicate those decisions to the diverse makeup of the broader organization.

3. Strategy Execution. In a situation where knowledge is not valued until it begins to cascade through the organization and then leak out through retirement, it is critical to find a way to map those subject matter experts by their peers.

4. Adaptive Innovation. Think of adaptive innovation as a real-time sensor constantly giving you data points, which allows you to do things differently (real innovation) and not just better (incrementalism).

5. Large-Scale Change and Mergers and Acquisitions. Many cross-functional social networks often become enablers to more effective communication and unity in their respective parts of the bigger picture.

Social Network Analysis (SNA) in its simplest term is the process of mapping and measuring relationships and flow among people, groups, organizations and other information/knowledge-processing entities. SNA provides both a visual and a mathematical analysis of human relationships. The term has been used as a metaphor for more than a century to convey complex sets of relationships between members of a social system. In 1954, Jay Barnes, a social scientist, began using this term to denote patterns inside and outside founded groups such as tribes or families and social categories such as gender or ethnicity. In recent years, SNA has evolved from suggestive metaphors to a true analytical model in various methods and research circles. Analysts are able to deduce key insights from a deep dive of "whole to parts," from structures to individual interactions and from behaviors to attitudes. By studying the whole network, which contains specific ties or relationships between individuals, key assumptions can be made as to the frequency, quality and expansive nature of an interaction between two individuals.

The Shape of a Social Network

The shape of a social network — whether small or more expansive, both internal and external — can also highlight the true collaborative nature of an individual or a team. In other words, a group of individuals who communicate and collaborate with only one another already share the same knowledge and, to a greater extent, the same set of contacts. Conversely, a group of individuals with connections to a broader, more diverse array of social worlds is more likely to have access to a broader knowledge base and, by deductive reasoning, access to greater opportunities to overcome obstacles.

This is why it is critical to prioritize diversity as a strong asset in your portfolio of relationships; the broader your social network, the bigger your relationship bank and sphere of influence.

Quality of Social Networks

The next valuable asset is the quality of your social network. This represents not only a strong connection between individuals but also, through sheer time and a broad base of experiences, a wider pipeline of information, knowledge, talent, key insights and access to influential individuals. As two people connect over time, the pipeline between their networks broadens and creates bigger opportunities for them to interact more often and introduce each other to additional contacts. The more relationship currency that is contributed to the pipeline, the bigger the network becomes.

Relationship-Centric Goals for Revenue Growth

Whether your specific goal for building and nurturing relationships is acquiring and retaining clients, launching a new product or service, or entering a new market or buying a company, relationship-centric goals are goals that you need others to help you achieve. Specifically, these are business relationships with colleagues, clients, suppliers, media, analysts and the business community at large. There are three types of relationship-centric goals: direct, influence and equity goals.

• **Direct Goals.** Direct goals are black-and-white goals that are clear, simple to understand and to the point. They are quantifiable, directly related to how you are measured, and generally on the 12- to 18-month horizon.

• **Influence Goals.** These are goals that you have less personal control in achieving. They often require other things to fall in place on your behalf, such as the influence of others. To achieve these goals, you will have to influence key situations or align your efforts with key influencers in the organization. When setting these types of goals, go beyond your comfort zone. What do you want to achieve 18 to 36 months from now? How will you know when you've arrived?

• **Equity Goals.** Equity goals are often intangible and difficult to quantify. These include areas such as branding and building a go-to person reputation or increased market awareness. What positive things do you want people to say about you? What is your personal brand? What are you doing to research, build and market your brand for more responsibility and positive visibility within the firm and the community in which you live and work? If you look back three to five years from now, what will you have accomplished?

• **The Challenges.** Goals are fundamentally more achievable if they are written down and reviewed. For goals to be effective, they must also be quantifiable and have a time frame. Remember that if you can't measure it, you're unlikely to track your progress, and you won't be able to make course corrections along the way.

It is also critical to filter your goals for realism. Next time you write down a goal, ask yourself these three questions:

1. *Are your goals realistic?* Even clearly defined, fact-based goals can be frustrating to pursue if they are not realistic.

2. *Are they achievable within your sphere of influence and control?* What other factors contribute to the attainability of your goals?

3. *Are they documented, measured and analyzed along a defined time line?* Goals must be consistently documented, measured, analyzed and appropriately responded to along the way.

Pivotal Contacts for Leadership Development

Most leadership development programs are very myopic in their approach. They train high-performing individuals on how to become the best in their functional roles, yet they underemphasize the most central issue of fundamental and lasting leadership: the ability to engage an increasingly diverse work force with generations of deep-rooted beliefs, expectations and pet peeves. Beyond cultural diversity, pivotal contacts are key individuals who can accelerate one's ability to achieve key goals, strategies, objectives and tactics (GSOT).

Pivotal Contacts

Certain individuals can help accelerate your ability to achieve your goals — not just meet your goals because many people can get there by themselves — but truly accelerate your achievement of them. For example, on your own, it might take you six months to reach the chief executive officer (CEO) of Company X to offer your suggestions on how to accelerate revenue growth in Asia-Pacific. Alternatively, the chief financial officer (CFO) of that same company could personally walk you into the CEO's office in less than two weeks. That is accelerated access, and it can be obtained by knowing the right people, or those whom we call pivotal contacts.

Pivotal contacts are thought leaders among their peers. They have developed deep subject matter expertise, have proved themselves in situations requiring a balanced approach between strategic vision and tactical execution, or simply have access to influential relationships. They are commonly referred to as movers and shakers in a given role, company, vertical industry or city. They are rising stars and key influencers, and they often lead the most critical projects within any company.

Regardless of any particular function you currently serve or aspire to reach, a pivotal contact's formal decision role tells you a great deal about his or her business stature. Of particular interest are two critical areas: formal decision role and level of access. The person's formal decision role is one of the following:

• **Decision Maker.** In the context of strategic relationships and pivotal contacts, decisions are critical elements in these leaders' daily lives — from corporate strategy, talent progression, investment options and distribution channel to research and development (R&D).

• **Approver.** These are highly valued lieutenants. They often work very closely with the decision maker and are strongly plugged in to the key fiscal year priorities, project imperatives and highly influential people involved in the desired outcome.

• **User/Evaluator.** Aim to develop a highly cordial and engaging relationship with those who will ultimately put your value proposition to the test.

• **Don't Know.** It is actually OK not to know a pivotal contact's formal decision role, but it is dangerous to assume without verifying. One of the worst things you can do is invest in the wrong relationships.

Pivotal contacts are often one to two business stature levels above your current perceived reach. If you are a manager, for example, a pivotal contact could be a vice president.

The other critical attribute of pivotal contacts is their level of access. How well are they known, respected and trusted? If not regarded highly, their access will be extremely limited.

Relationship Bank for Strategy Execution

The desired outcomes of any strategic initiative — profitable growth, delighted customers, a motivated and prepared work force, efficient and effective processes and, of course, satisfied shareholders — are directly related to how well an organization can link personal actions to its strategic direction. Contrary to popular belief, this takes more than just people. It takes the relationships of those change agents to really make things happen.

The idea of relationships is not a stand-alone concept; it's an enabler or an enhancer. Think of your relationship bank as the rocket boosters attached to the shuttle to get you into outer space. If strategy is the selection of several choices for the best possible outcome, your relationship bank becomes an enhancer in the evaluation of those choices and the enabler of the execution of key tasks for the best outcome.

Relationship Bank as a Key Enabler

Your portfolio of relationships is your most valuable asset. Within that portfolio, three characteristics are of extreme importance: diversity, quality and quantity.

Keep in mind the following topics, and focus on achieving the following:

• *Categorize your current relationships.* Who are the influential people you already know? Are you leveraging the most quantifiable value from each? You can't improve what you can't measure. Begin by categorizing the relationships you already have. Don't forget, relevancy and diversity are the two most valuable assets in your relationship bank.

• *Build and nurture your key relationships.* Once you have categorized your existing relationships, you can set out a course to nurture and leverage the crucial ones in which you've deemed it appropriate to invest. Expand your bank by getting involved in diverse projects, teams and organizations. Openly share your goals and objectives, and solicit best practices from those you trust and respect. Share best practices as often as possible.

• *Make bank account enhancements.* Like the clothes in your closet, do an inventory of your relationship bank every year. Prioritize those who have invested in your success, and deprioritize those in whom you have invested but haven't seen a return on your relationship investment. Proactively seek out those of higher stature, subject matter expertise or different focus.

Relationship Currency for Adaptive Innovation

It has been said that it is less expensive to innovate than it is to advertise. Yet most organizations are satisfied with incrementalism — a me-too way of doing things better. In contrast, true innovation is about doing things differently. It focuses on the investment of an organization's most valuable asset — its portfolio of relationships — to capture and leverage best practices across the organization and across the globe.

Exchanging Relationship Currency

Exchanging relationship currency is how you bridge the gap between the trusted relationships you currently have and the influential relationships you need. Its most simple definition is a gift of time, talent, knowledge or an influential relationship that is exchanged between individuals with the intent of adding quantifiable value. As you rekindle old relationships or seed new ones, your key goal should always be to uncover what is important to each person in the relationship so that you can make an appropriate deposit of relationship currency. Here are some simple methods.

• **Become More Interesting.** Did you know that only an estimated 27 percent of all Americans have a valid passport? Travel, whether domestically or abroad, is a perfect opportunity to expand your horizons, provide unique perspectives on very different social styles, and in the process, hopefully provide you with a new outlook on not only how we as U.S. citizens view the world but also how the rest of the world views us.

• **Build a Personal Brand.** Regardless of your profession, when others engage you, buy from you, work with you, or trust and invest in you, they are in essence buying three things: your product or service, the perception of the company behind that product or service, and the brand called you.

Only by elevating yourself above the noise and (hopefully) creating personal brand attributes such as competence, intellect, solid judgment, integrity and dependability will you be selected for critical projects and true leadership roles and be viewed as one who will create access to strategic relationships.

• **Become Known for Content.** As a mentor often reminds me, "If you don't toot your own horn, there is no music!" How are you combining content — your unique ideas, insights and perspectives — with context and applying it to specific situations of others to improve their condition?

Transforming *Us* and *Them* into *We*

In his book *Winning*, Jack Welch writes about a lack of candor in corporate America. The same is often true with business relationships. We tell people what they want to hear — not what is going to help them become better leaders or even better human beings. We talk about accountability, yet we tolerate mediocrity (at a number of iconic U.S. corporations) and then wonder what key factors were driving the same company to its eventual demise.

Exemplary professional conduct shouldn't be the exception. Why do we talk about business ethics when it should be just ethics in general? You either have them or you don't. You seldom meet someone who is incredibly ethical in his or her personal life, yet is laundering money, bribing customers and engaging in corporate espionage against competitors at work. Likewise, quality shouldn't be a department — it's a mindset. It is an attitude and an organization's deeply rooted belief system that "We will produce the best product or deliver the best service we can, every time, while we continue to raise the bar for ourselves."

100-Day Action Plan for Large-Scale Change

A succinct and quantifiable understanding of the impetus for change, whether a process, an organization, or even change of control coupled with a strong change in the management team, is empowered by relationships of the change agents with the front line. A solid strategy will require a solidified plan for execution.

In considering a 100-day action plan for large-scale change or merger and acquisition events, there are three important phases.

Phase 1: Pretransaction Due Diligence. The organization must go into any proposed large-scale change or transaction with its eyes wide open and ask itself, "What are we changing? What are we buying? Is this a good fit for the strategies of the business? Are we doing this for the right reasons? Are we running toward something or away from something else?"

I believe that a premortem evaluation would save many teams and organizations unlimited levels of frustration and wasted resources.

Phase 2: The First 100 Days. The first 100 days after a change or acquisition is announced significantly and unequivocally set the tone for what is to follow. It is critical that the organization leave the gate running.

It is critical to get everyone on the same page, including senior leadership and one or two levels below. Get key issues on the table quickly, and leverage a blueprint of a high-performing organization to execute key processes and ensure traction with the execution of a multitude of simultaneous initiatives.

Phase 3: The Longer Term. After the initial 100 days, it is critical to devise a soul-searching litmus test for the entire organization.

Next, it is critical to review the organization's competency map after the dust has settled. Do we have the human capital needed to deliver long-term value? If the answer is anything but a resounding "yes," it is imperative to leverage critical intracompany relationships to extend your reach in the market and fill those gaps as diligently as you can.

Social Media and Business Relationships

The worst thing you can do on social media is to sell; doing so unequivocally turns everybody off. Most people will disengage when confronted with overt and covert sales pitches — personal or professional. If you want to promote your brand, you must add value, create intrigue or provide a contrarian perspective. If you want to sell your product or services, use social media to solve customer service issues, provide additional ideas on how your consumers (business-to-business [B2B] or business-to-consumer [B2C]) can get even more value from your products or services they've already purchased.

The best thing you can do on social media is listen, engage and influence. Attend any social media conference, and countless examples — from @comcastcares on Twitter, to State Farm's Get an Agent campaign on YouTube, to Chase Community Giving on Facebook, to Coke's and Starbucks' masterful loyalty marketing online — all point to a real-time medium to get a candid finger on the pulse of your target audience. What they're thinking, what they find of value, and what information they put to use can all dramatically affect how you do business in the decade ahead.

So, by now you have a LinkedIn profile, a Twitter account, a YouTube channel and a Facebook fan page — how's that working for you? Getting any business from your social media efforts? If the past couple of years have been all about this shiny, sexy new toy called social networking, the next few years have to be about return on investment (ROI) from your online efforts.

Tomorrow's Social CEO

The next generation of business leaders will be versed in social media. Here are five best practices that many of the socially engaged CEOs of today are implementing:

1. They're targeting a defined audience. They have a clear reason to be social and have something valuable and distinctive to say. They have established succinct social expectations, and they're choosing the right platforms.

2. They're enhancing their paid and earned media strategies with social market leadership, which is about both a defensive and an offensive presence. Defensively, they're protecting their brand, while offensively they're articulating a vision.

3. They're using social media to become talent scouts, attracting and retaining the brightest minds — both within and external to the organization.

4. They're using social media to become signal scouts via their competitors, the thought leadership community, and potential merger and acquisition targets.

5. Visionary CEOs are implementing social customer relationship management (CRM) dashboards within their enterprises. Customer support is using social media tolls such as CoTweet to answer questions; sales organizations are using social media to identify more real-time, self-opted prospects and read what's really happening with their customers; and savvy marketing teams are using social media to identify new channels to connect with new or existing customers.

RECOMMENDED READING LIST

If you liked *Relationship Economics*, you'll also like:

1. ***How to Say Anything to Anyone*** **by Shari Harley.** Learn how to ask for what you want at work, tell people when you're frustrated in a way that resonates, take action on your ideas and feelings, and get honest feedback.
2. ***Can't Buy Me Like*** **by Bob Garfield, Doug Levy.** We've entered the "Relationship Era," where the only path for businesses seeking long-term success is to create authentic customer relationships. Garfield and Levy show you where these authentic customer relationships come from.
3. ***The Speed of Trust*** **by Stephen M. R. Covey.** Covey gives readers all the key tools to cultivating trust in their relationships, while offering up the wisdom of other great business leaders on the topic.

David Nour

FOREWORD BY ALAN WEISS, PHD
author of *Million Dollar Consulting*

relationship economics

Transform Your Most Valuable Business Contacts into Personal and Professional Success

REVISED AND UPDATED

Now includes integrated website tools

Praise for *Relationship Economics*, Revised and Updated Edition

"In today's networked world, relationships are everything. David shows you how to build lasting, mutually beneficial relationships. Read this book—build your network!"

—**Marshall Goldsmith,**
New York Times best-selling author of
What Got You Here Won't Get You There and
Mojo; executive coach to global CEOs

"*Relationship Economics* is a terrific guide, filled with good, practical advice for building valuable, lasting relationships that can help you and your organization succeed. "

—**Richard Girgenti,**
National Practice Leader, KPMG

"*Relationship Economics* is about so much more than networking—it's a systematic approach to building and nurturing relationships to get things done."

—**William L. Koleszar,**
Senior Vice President and
Group Marketing Officer, BBVA Compass

"Social capital is essential for success, and *Relationship Economics* provides an approach to enhancing its value. "

—**Terry C. Blum,**
Director, Institute for Leadership
and Entrepreneurship,
Georgia Tech College of Management

"In any industry, strategic relationships are instrumental to your success to drive profitable, long-term growth. David Nour has captured that essence in *Relationship Economics.*"

—**Randy Martinez,**
Colonel, USAF (Ret.) and Group Vice President,
Government and Defense Services, AAR Corporation

"In *Relationship Economics*, David Nour highlights very timely concepts and successfully points out that with today's technology and global knowledge, we are able to formulate personal, functional, and strategic relationships essential to our success."

—Peter M. Sontag,
Chairman, Orthopedic Development Corporation

"Forget cold calling. It's still about who you know, and *Relationship Economics* paves the fastest and most disciplined process for building a world-class portfolio of quantifiable and strategic business relationships."

—Greg Alexander,
CEO of Sales Benchmark Index;
author of *Making the Numbers* and
co-author of *Topgrading for Sales*

"A fantastic read, constantly weaving great ideas with practical applications. You'll never look at business relationships the same way again."

—Rick Frishman,
Founder, Planned Television Arts;
Publisher at Morgan James Publishing

relationship economics

Transform Your Most Valuable Business Contacts into Personal and Professional Success

Revised and Updated

David Nour

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Contents

Foreword
The Strategic Value of Business Relationships

I've long observed that consulting is a relationship business. But then, so are most businesses. Relationships vary in their degree, scope, tenure, and value. Too often, we tend to spend time with people who can't say "yes," but can say "no." So what do they eventually say? "No!"

Yet the true nature of strategic business relationships is win-win. This is not a zero-sum game, or a competition, or a hydraulic system. It is about reciprocating in relationship building while also making sure that you achieve your own best interests.

Organizations move forward by building on strength, not by correcting weakness. Strategic relationship management is an underappreciated, underutilized strength that most firms can begin building on immediately with no capital investment whatsoever.

Relationships have value. If you don't believe that, think about the worth of a referral from a business colleague who sent business your way with no cost of acquisition whatsoever. What if that business renews with you for five years and that relationship provides four more new, analogous business relationships through referrals?

If you think that's far-fetched, talk to any veteran, successful business leader and you'll soon be disabused of the myth. *I can trace more than 90 percent of all my current business* *in a seven-figure consulting practice to four early relationships.* Most of us who are enjoying great success can cite similar dynamics. I've been in business for 25 years. I haven't made a cold call in 10 years or more.

There is a huge and appropriate emphasis on branding today. But branding is simply a form of creating high-value relationships through the consistent representation of uniform quality. I've long advised consultants and other professional services providers that logic makes people think, but emotion makes them act. Brands form emotional connections. Relationships are the most essential conductors of emotion.

We buy from, hire, employ, heed, support, and are loyal to those we trust, those who take an interest in us, and those who appeal to our own self-interest (which they apparently share). So the question becomes this: Are we identifying, nurturing, and retaining *those relationships that are most important for our business*? Not all customers are created equal. We must differentiate among those relationships which are the most vital for the growth of our enterprise.

David Nour, *the* global thought leader in strategic relationships and a member of my Master Mentor® program, raises this pursuit to an art form. He recognizes the value of differing potential relationships, but he also delves into how to identify, nurture, and capitalize on them.

Where else do you find that kind of potential source of life within your own organization? This book is your divining rod.

—Alan Weiss, Ph.D.
Author, *Million Dollar Consulting*

Preface

My journey began more than four decades ago, when my dad would walk me through the bazaars of Iran during our Friday errands. I didn't understand the notion of relationship economics then, but I certainly do now. Dad got things done, whether it was getting a plumber to the house that afternoon or gaining access to an influential politician, by leveraging his most valuable relationships in the very real and thriving global *favor economy*.

Within the enterprise, beyond cost-cutting efforts of the past decade, frontline contributors to senior leaders and board members can fuel growth through their portfolio of relationships. This book is a how-to guide. Its applications go beyond just getting and giving business cards, working a room, or getting the most out of a conference. Its focus is how to strategically invest in relationships as your most valuable asset.

In my strategic relationship consulting work with global organizations, having spent thousands of hours with high performers in a broad array of industries, I submit that beyond your technical, product or service, and overall market expertise, your ability to engage and influence others, often without authority, is your unique and sustainable differentiator. Yet most of us don't spend enough time building and nurturing the key relationships that we need to achieve success. That's where relationship economics will create a far greater return on your relationship investments.

The academic notion of relationship economics, inspired by the famous British economist Ronald Coase and Nobel

Prize–winning economist and political philosopher Friedrich Hayek, uses economic tools to study variables traditionally focused on by sociologists. The practical notion of relationship economics isn't about networking. It's about learning how to invest in people for an extraordinary return. It's about exchanging *relationship currency*, accumulating *reputation capital*, and building *professional net worth*. It's about learning the art and *science* of transforming your most valuable relationships into execution, performance, and results.

During my business trips to Barcelona, Amman, and Cape Town, I am often reminded that the rest of the world builds relationships first, *before* they do business. As businesspeople from North America, we're so focused on the business that *if, and only if*, that goes well, we'll think about the relationship part! Even the very language used in other countries highlights the importance that is placed on building these connections.

In Arabic, for example, the literal translation of *bin* is *son of*. One's genealogy, sources of referrals, and collective cultural history carry more weight toward business success in many parts of the world than any product or service you represent, access you desire, or project you're trying to complete. In China, *guanxi* (pronounced *guan-shi*) literally means *relationships* and is understood to be the network of relationships among various parties that cooperate and support one another. Beyond the perceived advantages of an organization's products or services, with the right *guanxi* an organization in China minimizes risks, frustrations, and disappointments when doing business; determines its competitive standing in the long run with the relevant Chinese authorities; and minimizes the inevitable risks, barriers, and setups one will encounter.

In essence, relationships are the gateway to business in the rest of the world, in contrast to the United States, where business is often the gateway to relationships. The world economy does not understand our cart-before-the-horse tactics. In too many global circles, our tactics appear insincere, shortsighted, and even flat-out rude.

By understanding and developing the three types of relationships—*personal*, *functional*, and *strategic*—you hone critical skills to develop a nose not only for identifying great opportunities but also for determining which relationships to tap for execution, performance, and results. Personal relationships are the easiest for most; they're the ones you build at home, at your kids' soccer games, at school, and with your favorite community friends. These are people who like you for who you are, and your interactions with them take place in a fairly safe environment for exposing personal challenges and seeking insights. The obstacle for many is the inability to bridge relationship *creation* to relationship *capitalization.*

Functional relationships are likewise easily understood. They are those you build at work to perform your daily functions. They're formed with peers, subordinates, and superiors and include your exchanges with customers and suppliers distinctly focused on getting tasks at hand completed. The relationship members are usually mandated by your function, job description, and key corporate initiatives, all of which are typically driven by others. You build functional relationships with those who can support your efforts or help you overcome obstacles. Although they are practical for the time being, this relationship building has little foresight and tends to keep us busy with the urgent tasks on our respective to-do lists.

The transactional collaborations simply won't enable you to see over the corporate horizon or around corporate corners for what's next. They will not allow you to see faint emerging trends before your competition or alert you to early warning signals that may threaten your market positions.

Unfortunately, strategic relationships are the ones most often underdeveloped. Strategic relationships elevate your efforts and thinking beyond your current realm of responsibilities and push you to think about new business opportunities and key stakeholders you'll need to succeed. Strategic relationships transcend time, function, and geographic limitations. They create accelerated access, long-term personal and professional growth opportunities, and new market insights, and they shed light on *return on influence* versus concerns about corporate politics.

As a first-generation immigrant, I came to this country with $100, a suitcase, and no fluency in the English language. Over the past three decades, I've developed personal, functional, and strategic relationships to build and enhance my career, obtain a top 10 MBA program education, find valuable suppliers and customers, and complete challenging projects. As an entrepreneur, I've leveraged relationships to raise institutional capital, proactively participate in various mergers and acquisitions, attract and retain global talent, build a multitude of brands, and consult with *Fortune* 100 clients, including KPMG, Hewlett-Packard (HP), and Siemens.

	Personal	Functional	Strategic
Purpose	Enhancing personal and professional development; referral to useful information and contacts	Creating efficiency Maintaining capacity and functions required of the group	Uncovering future challenges and priorities; garnering support of diverse and influential stakeholders
Location and temporal orientation	Mostly externally focused Current and future potential	Mostly internally focused Current demand orientation interests	Internal and externally oriented toward the future
Players and recruitment	Key contacts are mostly discretionary Not always clear who is relevant	Key contacts are relatively nondiscretionary; prescribed by task and organizational structure Very clear on who is relevant	Key contacts flow from strategic context and the organizational environment; specific membership is discretionary Not always clear who is relevant
Network attributes and key behaviors	Breadth by reaching out to contacts who can make referrals	Depth focused on building working relationships	Leverage by creating hybrid of internal-external connections

I know how to strategically quantify business relationships, and so can readers of this pragmatic how-to book of global best practices. But it is critical to point out what this book is *not* about. It's not about networking, using people, learning how to become more manipulative, keeping score, or doing for others only if they do for you. It's not about schmoozing, working a room, or using others in general to get what you want. I'm also strenuously against special favoritism, nepotism, cliques, secret societies, and in particular, any efforts perceived as antidiversity or anti-inclusion. On the contrary, I strongly believe that diversity is more than affirmative action. It is the inclusion of all unique walks of life and experiences, which ultimately delivers a broad-based perspective.

We are all products of the advice we take. I don't want anything from you. Rather, what I want *for* you in reading this book is a fresh perspective on the relationships you have today and the ones you should invest in nurturing for a brighter tomorrow. As you read these chapters, I hope you'll develop the mind-set, the tool set, and the road map to fuel your personal and professional growth through a better understanding of strategic relationships. Here's to your strategic relationship success!

1

Why Most “Networking” Doesn’t Work!

Today, we are more likely to *call* a colleague who works three offices down the hall from us—or worse yet, send a *text* or post a note on the person's Facebook wall—rather than make the short trip for a face-to-face visit. After having spent the past several months on conference calls, exchanging voice mails and e-mails on key projects, and even attending the same company meetings, we pass key team members in our corporate hallways and have no idea who they are. Whom are you e-mailing? Whom are you asking for resources? Whom are you selling to? Whom are you listening to? Whom are you asking for help?

When technology, even with its vast operational effectiveness and efficient capabilities, determines the nature of our human interactions, is it any surprise that many believe there has been a dramatic erosion of our sense of community and our ability to touch people? Have we gone so far that we need "No E-Mail Fridays" and have to have corporate access to various social networking sites blocked?

In 1916, L. J. Hanifan, practical reformer of the Progressive Era and state supervisor of rural schools in West Virginia, described *social capital* as "those tangible substances [that] count for most in the daily lives of people: namely good will, fellowship, sympathy, and social intercourse among the individuals and families who make up a social unit" (quoted by Robert D. Putnam in *Bowling Alone*, p. 19).

Isn't it interesting that Hanifan's account of social capital anticipated virtually all of the crucial elements in later interpretations of what is essentially the lubricant of our day-to-day interactions as human beings? Unlike the generation before mine, which was proactively involved in various lodges, parent-teacher associations (PTAs), churches, and political parties, I submit that we are becoming increasingly disconnected as a society in many ways, and even more so in business, where many of us spend the majority of our waking hours.

My intent in the next several chapters is not only to illustrate a practical and applicable process for identifying, building, nurturing, and leveraging relationships instrumental to your personal and professional success, but also to help *quantify* the economic value of your most valuable and often *strategic* relationships. In short, relationship *creation* alone won't suffice—regardless of how many cups of coffee or lunch visits you schedule. Savvy professionals find opportunities to monetize their business relationships by bridging relationship *creation* with relationship *capitalization*.

There are three fundamental attributes of growth—the gradient or slope of growth, the torque or speed of growth, and the fuel efficiency or profitability of growth. I'll elaborate on each in the next chapter. We have proved that enterprises can fuel their growth, through a unique return on their strategic relationships. In developing a broad array of value-based relationships, two schools of thought are prevalent. On one end of the spectrum is the *art* of building relationships. For many, this is the ability to *engage* others through the exchange of business cards and the building of transactional relationships. There is little or no shortage of resources in the marketplace today to help train and develop those who seem otherwise introverted and must adapt to a social network. I'm intrigued by recent developments in this area, such as 118 in *The Mirror Test* (the 21st-century version of the elevator pitch), created by Jeffrey Hayzlett, former Kodak chief marketing officer (CMO), and Steve W. Martin's work in *Heavy Hitter Selling: How Successful Salespeople Use Language and Intuition to Persuade Customers to Buy*. On the other end of the spectrum is the world of social network analysis (SNA). You may be surprised to know that it has very little to do with Facebook, Twitter, or YouTube. What began as the study of patterns of human interaction in the 1930s has evolved into a fascinating discipline, although often very dry and rather academic.

Relationship Economics—*the art and science of relationships*—is the balanced, hybrid approach necessary for anyone who needs to build and leverage relationships to get things done. Effectiveness and productivity are both measures of outputs, but efficiency also includes the amount of *input* required. Let's start by looking at why most people are inefficient when it comes to business networking and building long-term, value-based relationships.

Top 10 Reasons Why Networking Doesn't Work

I deliver 50 to 80 global keynote speeches along with consulting on a dozen or so projects annually, and I have found that one of the consistent reasons many people become frustrated with networking is that they don't believe it produces any quantifiable results. Simply put, they don't think much of their effort really works. Whether we are talking about senior executives, business unit leaders, project managers, or salespeople new to a territory, it's amazing to me how many undervalue their portfolio of relationships.

Beyond your educational foundation, professional experience, industry wisdom, and all of the skills and talents you have acquired over the years, your portfolio of relationships transcends geography, function, company, and often any particular point in time.

When I simplify business networking into the three stages of preparation, interaction, and follow-through, I have identified the top 10 culprits that render traditional networking ineffective. They include a lack of purpose or planning, engagement of the wrong people or the inability to disengage when necessary, and the absent notion of triangulation.

Let's take a quick look at each.

Preparation Phase

In the *preparation* phase, your goals, strategies, and tactics will drive efficiency.

1. Lack of Purpose

Most people network without a purpose. When they come to me and ask, "Do you know this executive at XYZ company?" My first question in response is, "What is your intent or purpose for networking? *Why* do you feel like you need to get to know this person?"

Typically, they don't have a well-thought-out answer, or what they do say is often very transactional and based on an immediate need, such as job transition or a prospective client.

Relationship-Centric Best Practice: Purpose

Purpose, by the way, has nothing to do with what you do for a living. It is your guiding light, and it starts with a healthy self. If you're not centered—if you don't know who you are, what you stand for, and your true intent for building relationships—how can you genuinely articulate the same to someone else or make course corrections in your efforts along the way? There is no right or wrong answer here, but it is critical that you start your relationship-building path with an overarching purpose. For example, there is the paternal purpose: *I want to pave an easier path for my children. If I build and nurture key relationships now, it will make it easier for them to get into better schools, land more promising jobs, and have access to a greater wealth of time and opportunities than I did growing up*. This is a purpose that is clearly independent of any particular point in time, geography, or specific functional job.

Others have defined their purpose as personal and professional growth: *By getting to know others, I get to know myself better and can build on my strengths.*

> By starting with a succinct purpose of personal and professional development, building and nurturing productive relationships becomes your compass rather than your stopwatch.

2. Fuzzy Goals

There is no shortage of relationship *formulation*—many can identify great contacts—but we often struggle with consistent relationship development *execution.* Goals are the fundamental link to how you translate great ideas into actionable impacts in your life and in your personal and professional relationships.

The notion of business relationships is not a stand-alone concept. It's an enabler toward achieving business goals and maximizing an individual's, team's, and organization's performance, execution, and results. Without succinct, measurable, and success-proof goals, many of your investments in relationship creation will be lost in the nurturing, development, and ultimate capitalization of those relationships. Said another way, you'll spend a lot of time and effort on unproductive coffee shop or lunch visits and have little to show for that investment of time, effort, or resources.

Are you new to a project team, sales territory, divisional, or leadership role? How will networking help you succeed given the dynamics of your new role? Which relationships will help you enable, accelerate, or maximize your ability to achieve your goals?

By succinctly crafting three to five specific and measurable goals—not just simply self-directed ones such as "becoming a better person," but those that will require collaboration with or cooperation from others, what we refer to as relationship-centric goals—you develop a crystal-clear destination for this desired journey. Many business goals, such as attracting and retaining top talent, growing profitable revenues, improving cost performance, and maintaining lasting behavioral changes, cannot be achieved in isolation. They require value-based relationships to be accomplished. This is a critical point, because quantifiable relationships must have a barometer against which you can measure your efforts.

3. Lack of a Relationship Development Plan

The bulk of my strategic advisory services is focused on helping clients link their strategic direction with personal action, that is, how to execute great ideas by leveraging not just the *what* and *how* but also the *with* and *through whom*—in essence, collecting, connecting, and capitalizing the dots. Your approach to building and nurturing key relationships must be agile, similar to a speedboat, so that if you are not headed in the right direction, you can expeditiously make course corrections.

You simply can't improve what you don't measure. So, if you keep going out and getting involved with organizations and attending networking functions, how are you measuring the results of that attendance? You constantly meet with the same group of individuals, either inside or outside the organization. Are those investments really producing any meaningful results in your efforts toward reaching your goals and objectives?

One of the fundamental reasons networking doesn't work is that most people network without a plan. They are not methodical, systematic, or disciplined about *which* events they attend, *why* they attend them, *what* they are trying to achieve while there, and *how* they will follow through after the event.

To quickly review, the critical first three areas in which networking fails are *purpose*, *goals*, and *plan*—PGP. This is a great mechanism to consistently think about not only *why* you are building relationships but also *how* you will drive results well beyond any single interaction.

Relationship-Centric Best Practice: Vibration versus Forward Motion

It is critical not to confuse vibration with forward motion. Many people equate busy work in networking with progress in relationship creation and capitalization, when, in fact, it's just that—vibration. Countless meals and coffee visits will seldom turn into newly acquired customers, great employees, or the execution of critical milestones. The results you seek will come from a changed behavior. Get in the habit of sitting down in a quiet place 15 minutes in advance of the next networking event or coffee shop meeting and really think through your relationship development continuum. What has to happen for you to get to know them and give them a chance to get to know the *real* you? Open, candid discussions regarding respective interests, agendas, and success criteria move discussions and relationships forward at an accelerated pace. Consistently thought-of and executed PGP can help you realize the desired forward motion in achieving critical business goals and objectives through your portfolio of relationships.

Interaction Phase

In the *interaction* phase, different situations mandate unique rules of behavior, which will deliver relationship development effectiveness. Networking is not simply a noble cause but rather an endeavor to create preferential advantage. It cannot be left to chance. Here are some common culprits in this phase.

4. Haphazard and Reactive Efforts

The process of identifying, building, and nurturing relationships requires disciplined thought and action. In essence, this needs to become the dye in the fabric—not a patch. The dye permeates throughout the fabric. In many ways, the dye *defines* the fabric. A patch is just that—a bandage, a fix, a transaction. If building relationships becomes what you do every day, as opposed to something you feel like you have to do to get by, it tends to become less of an afterthought.

Let me tell you about my first encounter with Joan. It was 6:00 A.M. on a Saturday in May and I was standing in line at a local YMCA, registering my children for upcoming summer programs. Next to me stood an unassuming, five-foot-tall, middle-aged woman (as she later described herself) wearing no makeup, a T-shirt that should have been donated years ago, and black Spandex, with shuffled registration paperwork spilling from her arms. Curious, I simply began by asking about her children and which programs she was registering them for. As she reciprocated and we got to know each other, I met a giant personality beneath this unpretentious exterior.

Want to know what Joan does for a living? She orchestrates global events for some of the biggest multinational organizations, private conglomerates, industry associations, and nonprofit causes—often in the 15,000-attendee range. Her broad sphere of influence extends beyond business leaders to include numerous policy makers and serial entrepreneurs. My question to you is: How many Joans are you walking by every day? How many prospective employees, clients, suppliers, worthy causes, and investors are you choosing to ignore simply because you perceive the circumstances to be inopportune?

Relationship-Centric Best Practice:
An Opportunity Every Minute of Every Day

You have an opportunity to build relationships every minute of every day, both within your organization and outside of it. Unfortunately, people go through most days with their heads buried in their respective checklists, running from one meeting or conference call to the next. I equate this to having a lot of machetes, making sure that they are all freshly sharpened, and chopping down a lot of trees without ever stopping to ask if you are in the right jungle! "Let's set aside two hours a day to network" is a patch. "I will make time to meet and really get to know a broad array of diverse, interesting people at every opportunity" is the dye. You never know whom you are going to meet at the grocery store or church or while standing in line registering your kids for summer camp. These are but a few opportunities missed every single day by those who either lack the skills, willingness, or humbleness to engage or are simply oblivious to the fact that our lives are all inherently intertwined in a bizarre way. Forget the six-degrees-of-separation cliché; with the advent of social networks, now three degrees of separation is very real.

Think of the last networking event you attended. Most people often have no real resolution or intent as to why they were there. The organization was getting together, so they thought that they should probably show up. (By the way, there is nothing wrong with the innate need to belong. In time, your involvement will provide a multitude of benefits.) Furthermore, most had no idea who else would be at the event and tended to migrate to attendees they already knew versus extending or expanding their reach to a broader contact base. And, most were running late from all of the different *have-to* events in their lives, so they could only grab a quick drink before the program started. They didn't really give themselves an opportunity to engage current and prospective relationships and then ended up leaving immediately afterward to attend yet another commitment.

Sound familiar? If this describes you, then why did you pay the entrance fee and set aside the time to attend the event if you weren't going to be more systematic and disciplined? Are you really starving for more small talk?

Now, consider a different approach to the same networking scenario: First, you prioritize the organizations most relevant to your personal and professional goals and objectives. Many groups plan and publicize their events well in advance, so you aggregate a master list of upcoming events and prioritize your attendance based on those most strategic to your predetermined set of goals, objectives, and action items. You pay and register in advance and place a solid date on your calendar to avoid possible conflicts. Two weeks to a month in advance, you invite a handful of others who you think would also appreciate attending this event. You go online, and with the use of Google and various social media sites, you research the speaker's point of view, subject matter of the presentation, or panel discussion so you can arm yourself with insightful perspectives. Most events actually have the attendees' name badges at the registration table, so you arrive early so that you have an opportunity to browse the attendees. You identify three to five people you would like to get to know better and give yourself plenty of time to meet and greet a broad spectrum of attendees. When you meet someone who may not be as engaging or relevant to what you do, you politely disengage—something most people I've met can't do politely or very effectively!

Time and intellect are your two most valuable assets; you can't afford to waste either. If a conversation is not interesting or productive, you simply must be disciplined enough to move on. Most people get little or no value out of small talk. Instead, ask a poignant question to engage, often a unique and highly differentiated strategy. I'd much rather attend an event and really get to know four or five dynamic, intelligent, interesting, quality people with whom I can follow up after the event instead of going to an event, "working the room," and collecting a handful of often useless or irrelevant business cards. Let me save you the time and aggravation: there is something called the Yellow Pages, and it provides the exact same value as the stack of business cards you collected. But if you engage others in meaningful discussions, proactively listen to the content presented, and then have a systematic process to follow through with them afterward, you will have used your time much more fruitfully. Attending events becomes a great deal more relevant if you have thought about your goals, strategies, and tactics in advance.

The other fundamental challenge here is the very reactive nature of most networkers. An example of this is when people are in job transition. What do they do? They network like there is no tomorrow. Their job becomes finding the next job. They ask everyone they meet, "Do you have a job opening? Do you know someone who has a job opening?" What typically happens when they find a job? I think we've all seen it. Most stop building those relationships and, worse yet, forget everyone who helped them get there until three years from now, when they start calling or e-mailing again. And what do they want? That's right—the next job! By establishing this pattern, they build a reputation that says that the only time they call is when they want something, versus proactively staying in touch and truly nurturing critical relationships along the way.

Recommended Readings on Value-Based Relationships

Years ago, my dad, an avid reader himself, told me, "Leaders are readers, and readers are leaders." I had no fluency in English when I first came to this country, and to this day, I still go through the process of looking up definitions and synonyms to grasp a contextual understanding of the

(*continued*)

Recommended Readings on Value-Based Relationships *(Continued)*

broader content. Through this practice, I have managed to develop a passion for not only absorbing interesting content but also really thinking through its applications in my work.

In my keynote speeches as well as in this book, I highlight many influential works. At any given time, I am often reading four or five books on a variety of topics. Instead of aimless music or obnoxious radio talk shows, I prefer books on CDs or insightful podcasts from a dozen or so mentors on my iPod. I have read 100-plus books on the topic of business relationships, and my suggested reading lists follow. Most are available on the authors' respective web sites.

- Baker, Wayne
  - *Achieving Success Through Social Capital: Tapping Hidden Resources in Your Personal and Business Networks*
  - *Social Networks and Loss of Capital*
  - *Positive Organizational Network Analysis and Energizing Relationships*
  - *Enabling Positive Social Capital in Organizations*
- Brafman, Ori, and Beckstrom, Rod
  - *The Starfish and the Spider: The Unstoppable Power of Leaderless Organizations*
- Burt, Ron
  - *Brokerage and Closure*
  - *Teaching Executives to See Social Capital: Results from a Field Experiment*
  - *Network Duality of Social Capital*
  - *Gossip and Reputation*
- Cialdini, Robert
  - *Influence: The Psychology of Persuasion*

  - *The Practice of Social Influence in Multiple Cultures*
  - *Training in Ethical Influence*
- Cohen, Don, and Prusak, Laurence
  - *In Good Company: How Social Capital Makes Organizations Work*
- Covey, Stephen M. R.
  - *The Speed of Trust: The One Thing That Changes Everything*
- Gladwell, Malcolm
  - *Blink: The Power of Thinking Without Thinking*
  - *The Tipping Point: How Little Things Can Make a Big Difference*
- Putnam, Robert D.
  - *Bowling Alone: The Collapse and Revival of American Community*
- Rosen, Emanuel
  - *Buzz: Accelerating Natural Contagion*
  - *The Anatomy of Buzz: How to Create Word-of-Mouth Marketing*
- Watts, Duncan
  - *Six Degrees: The Science of a Connected Age*
  - *Small Worlds: The Dynamics of Networks Between Order and Randomness*

I'm often reminded of Harvey Mackay's book *Dig Your Well Before You're Thirsty*. You have to build and nurture these relationships well before you need them. People are a lot less likely to respond and react if you call only when you want something; you should also get in touch to find out how they are doing and how you can become an asset to them. (See the section on relationship givers, takers, and investors later in this chapter.)

When I hear someone say, "I *need* to network," it sounds desperate to me. That's *reactive*. They are looking for a job, they are behind in their sales quota and are scrambling to find prospects, or they are in trouble with their project deliverables. Success comes from being much more proactive.

I liken proactive and consistent networking to playing a game of chess. What I love about playing chess is that to be successful, you must proactively think a number of moves ahead. Similar to what I understand of military situations, it also challenges you to constantly conduct situational analysis. Where am I today, what am I trying to achieve, what happens if I make these efforts, and what's next? Investing in your relationships is also a constant situational analysis. It's critical to think about relationships as investments, and like any other investment, it's imperative to evaluate your return on that investment. When it comes to relationships, ROI needs to be reinvented. Think about this in regard to your *return on involvement*. You belong to all of these different organizations and attend all of these functions. What do you have to show for it? Later in this book, we'll discuss return on integration, return on impact, return on influence, and return on image—all quantifiable perspectives on investments in a critical soft asset: your relationships.

5. What's in It for Them?

You have to find ways to invest in others—or make *relationship currency deposits*—as I cover in later chapters. Find ways to become an asset to others and link your quantifiable value added to their efforts. Those who understand the true value of a relationship will find a way to reciprocate—maybe not today, tomorrow, or this year, but reciprocity is a natural and undisputable law in the *favor economy*.

Unfortunately, many people overlook the critical nature of such reciprocity in favor of focusing solely on their own situation. Another observation that I've made in working with a broad array of functional teams in various organizations has been the perpetual nature of many who think, "What's in it for me?" In essence, when they meet others, both within and external to their organizations, they have their hands out. To recipients of this posture, the interaction becomes a complete turnoff, being perceived as insincere and entirely self-serving. Questions that should be conversational come across as an interrogation, and the person probing often asks intimate questions about information most people are not comfortable sharing with someone they don't know well (read "like or trust"). Their comments come across as scripted or somehow manufactured. They are, in essence, *harvesting conversations.*

Compare and contrast this approach with the one that we teach to frontline contributors and to executives alike, which involves investing most effort in engaging the other person to really understand what that person is about. Take the time to understand the other person's issues and challenges, and give him or her a reason to want to get to know you better. If you add value to every conversation with a unique perspective, the comment you most often tend to hear is, "Wow, I never thought of it that way." And the perception becomes one of continued interest for a follow-up dialogue.

Relationship-Centric Best Practice: Ask Better Questions

If you want better answers, start by asking better questions! Alan Weiss often comments: "Ask engaging questions and you'll influence the conversation. Influence the conversation and you'll influence the relationship. Influence the relationship and you'll influence the outcome you desire." What engaging questions are *you* asking to influence your conversations and key relationships?

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Relationship-Centric Best Practice: Ask Better Questions *(Continued)*

INSTEAD OF ASKING:	TRY ASKING:
What do you do?	How are you measured?
Are people *really* your biggest asset?	Where would developing intracompany relationships rank in your performance evaluation plan?
Do your people know how to collaborate?	Do you have teams or committees?
How effective is your formal mentoring program?	How is reverse mentoring keeping your company on the leading edge of innovation?
Tell me about your talent acquisition efforts.	Tell me about your fear of flight risk.
What keeps you up at night?	What frustrates you the most about your role? Or What takes you and your team entirely too long to accomplish?

When I meet an executive or individual for the first time, I'm not gauging whether we can do business together, whether we can do a project together, or whether that person can help me. Instead, I'm asking myself, "Does this person understand and value relationships? And if I start by making a deposit—by finding a way to become an asset in solving his or her challenges—will this individual find a way to reciprocate?" It is important to point out that I am not talking about doing only for others who are going to do for you, but as we all know, it is a lot easier to ask for a withdrawal *after* you have made a deposit.

According to the psychological perspective of former PepsiCo, Lucent, and Hewlett-Packard (HP) human resources executive Pat Dailey, Ph.D., a friend of mine, "establishing relationships is a process of successive disclosures. You give me a little of you, I take it and make a judgment. I give you a little of me, you absorb it and make a judgment." This evolutionary process comes to fruition faster for those with the DNA to process the give-and-take more quickly and naturally. However, you certainly don't have to be slick and quick to become an efficient relationship builder. In our experience, everyone has a unique pace in mastering these skills and behaviors, and it is critical to clearly understand the line of too much, too fast in the early stages of relationship formation.

Every job has its issues and challenges. At the next internal or external networking function, start by asking people you meet about their roles and realm of responsibilities and how you can become an asset to their personal or professional efforts. Think about who you know that can help them and how you can make an impactful deposit for this person. Share a contrarian perspective they may not have previously considered, and aim to add value to every interaction.

I have a personal three-touch rule that I follow. I will make three investments without expecting anything in return. As I meet individuals who are looking for knowledge, talent, or an introduction to an influential relationship, I'll go out of my way to somehow become an asset to them. But the fundamental challenge is that you simply don't have enough bandwidth to invest in all of your relationships equally. How you prioritize which relationships you invest in has to be congruent with your relationship-centric goals and objectives and your individual definition for a return on your relationship investments.

Everyone is tuned in to the same FM station—WIIFM: What's in It for Me? The next time you meet someone, instead of having your hand out and wondering what this person can do for you, *lend* a hand by asking yourself, "How can I *really* get to know this person and find ways to become an asset to *him or her*? How can I find ways to create *quantifiable value* for this person?"

**Relationship Economics @ Work:
Bob McIntosh at RockTenn Company**

When Bob McIntosh, senior vice president and general counsel for RockTenn Company, is evaluating potential service providers, at the top of his evaluation list are competency, service level, and expense. But relationships are also an important factor.

"Performance comes first," he said. "But relationships absolutely come into play. Take investment bankers, for example. These are very large firms that often service a particular industry. They are in the business. They are selling their services, but as a potential buyer, you also want an investment banker who will bring you deal flow when they come across an opportunity."

RockTenn's corporate strategy includes organic growth plans, as well as some inorganic opportunities, according to Bob. These strategies are transparent to bankers, who are aware of the kinds of acquisitions the firm is interested in. Investment banking firms that want to do business with RockTenn will regularly visit and share ideas about potential transactions that might interest the firm. This includes companies (or divisions of companies) that may be available for purchase.

"They may bring it up to gauge our interest," said Bob. "Of course, the hope is that they build a relationship with us so that when a deal comes up that we're interested in because it is a quality deal that fits within our growth strategy, we'll choose them as the investment bank that assists us with the deal."

6. Engagement of the Wrong People

Two of the best opportunities to expand your portfolio of relationships are internal company meetings (particularly if you work for a midsize or large organization) and industry conferences. In both examples, two aspects motivate most attendees: content and community. That is, what insightful information can I get exposed to, learn, or otherwise gather, and who else will be there of particular interest and value?

In the internal company meeting example—think of an annual sales kick-off meeting—the attendees are from the far corners of the organization. Field sales professionals meet to review the previous year's results, get updates on new products or services, and understand expectations of them in the coming year. Corporate marketing people, product or service line leaders, key people from finance, technology representatives, and even a number of international or cross-brand attendees are also there. I've spoken at several global meetings where new acquisition team members are there for the first time, or it's the merger of two entities that are coming together as a new team. Needless to say, it's an environment rich in relationship development.

At many industry conferences, you have the opportunity to explore the latest market trends and the competitive landscape and to hear from thought leaders. Likewise, it's a fertile environment to extend and expand the diversity and quality of your business relationships. Even at events with great opportunities such as these, you tend to have those in attendance who are not relevant to your current role, realm of responsibilities, or aspirations. The number one mistake most people make when they walk into events like these is that they spend an inordinate amount of time and effort talking to someone who is not relevant to what they are doing, and they get sidetracked from their relationship development playbook. When I refer to the "wrong people," it is not intended to mean that some people have less value than others. I am simply trying to get you focused on *relevancy*. How relevant is this individual to the goals and objectives that you are trying to achieve? Please understand that this comment is not to be construed as manipulative. It's not about an elegant way of using people, but about becoming smarter in how you invest your valuable time, efforts, and resources. You simply cannot afford to invest in every interaction equally. (More about how to leverage technology to help you do some of this in later chapters.)

One of the best practices in this section is to identify what we call influential hubs. These are subject matter experts or those naturally highly connected who are consistently able to engage and influence others over a certain period of time. If you think of the classic bike wheel, they represent the hub in the middle with the many spokes fanning out from that position.

Certain functional roles lend themselves naturally well to this concept. The best commercial real estate agents I know are very well connected in their communities to a multitude of possible direct client or referral sources. The best attorneys, accountants, insurance agents, recruiters, nonprofit fundraisers, lobbyists, and industry consultants are often very good hubs because of the diversity of friendships that they build over the years. It is critical to your relationship-building approach to identify those hubs and find ways to become an asset to them.

Relationship Economics @ Work:
Dan Brown and Heavy Hitters at Various Functions

According to Dan Brown, a personal friend and former executive at SunTrust Bank, "It all starts with relationship building. You have to find some common ground with whomever you are dealing with. You can't be too needy—it has to be a relationship of equals. This begins with a centered self. If I am at an interesting function and there are some heavy hitters there, I don't necessarily have to approach them. If I am there having conversations with a group of people, some of these heavy hitters might come up to me and introduce themselves."

So I asked Dan, how does he characterize a *heavy hitter*? "This is someone in a relationship-type area who deals with a lot of people, travels globally; they're often an expert in their respective field—someone who if you are in that function, is deemed very influential."

What makes some of these hubs more attractive than others? "It largely depends on the function and the person. There is the internal persona and then the role that they play. Some people are heavy hitters internally—no matter where they are, they are people you want to know. Others have a heavy hitting function, but they are not necessarily someone you care to spend any time with. Others, no matter what position they are in, they are an interesting person to get to know.

"Where do I spend my time? Sometimes you just spend time with people whom you find interesting, not necessarily someone whose role can benefit you."

Dan and I have been involved in the High Tech Ministries Prayer Breakfast for years, thanks to another personal friend and mentor, Charlie Paparelli. In many ways, Dan was instrumental in helping me focus my avocation as my vocation. Eight years ago, over a cup of coffee, he mentioned that I networked better than anyone else he had ever met and wondered if I would come to his church and speak about my approach to building and nurturing relationships.

Assuming there would be a dozen or so attendees, I prepared a few remarks only to find myself in an auditorium in front of 250-plus audience members. After a 45-minute speech, I stayed for 90 minutes afterward to

(*continued*)

Relationship Economics @ Work:
Dan Brown and Heavy Hitters at Various Functions *(Continued)*

answer individual questions and share best practices. From that one session, I was invited to speak to 30 other similar gatherings of church, Rotary, and academic groups. This led to consulting and speaking engagements with global corporations, which then led to the industry associations and academic forums today. Dan remains a great personal friend and is now an interim executive on various operations and strategic technology assignments.

Remember that one of the fastest ways to turn off a hub is to go to that person and say, "What can you do for me?" Although these hubs are typically genuine and go out of their way to help people, you will quickly brand yourself a taker by approaching them in this way. What is critical to hubs, or to any relationship development effort, is that you truly invest time, effort, and resources in advancing the achievements of others.

Follow-Through Phase

During the *follow-through* phase, systematic, disciplined thought and action will drive recognition. If you believe in the premise that most people genuinely want to help, then it becomes incumbent upon you to not just follow up (transactional) but follow through (transformational) the initial success in meeting and engaging interesting, relevant contacts.

7. Failure to Arm Others with the Right Ammunition

When people say that networking doesn't work, they usually cite as evidence the fact that they have invested in others in the past without any reciprocity from the other side. When I inquire specifically, "How did you arm them with the appropriate context to introduce or recommend you?" the answer is often a blank stare.

Business Relationship Don'ts: "John Nobody Sent Me!"

I recently received a voice mail to the effect of: "David, this is Steve Blank, friend of John Nobody (*whose name I honestly did not recognize at first and later recalled that I didn't care for him at all*). I was wondering if you could meet me on XYZ dates and times and let me pick your brain to become a consultant, an author, or a professional speaker. John says you've become an overnight success." You can't make this stuff up.

I continue to wonder what he was thinking. What in that voice mail could possibly propel me to take action? Nonetheless, acting on a favorite grandmother's advice to always be nice, I returned Steve Blank's call to inquire about his background. "Well, I was most recently a VP of sales," he declared. "I have been selling for 40-plus years and can't possibly imagine a company out there that I couldn't help."

I asked him about possible target industries, size, or types of companies, or relevant background and applicable strengths. With each of these inquiries, I consistently felt that he was making me draw this information out of him.

Because Steve Blank was not forthcoming in discussing his situation, I wasn't able to help him in the manner that he had hoped. He essentially wanted the return on his investment—without having to make any investment.

We can easily distinguish between the "Steve Blank" approach of looking for a handout versus Keith Conley's style of trying to figure out a way to become an asset in the best practice that follows. In this process, if you can get to know me, understand my business, and learn what my challenges are, you can uncover ways to help me. And when you do, my next logical question will be: How can *I* help *you*? That's when you can tell me that you are in transition and looking for a VP of sales position.

Relationship Economics @ Work: Stephen Ebbett and ProtectYourBubble.com

In my two decades of consulting experience, I've found that every organization reaches an inflection point—think of it as a fork in the road to continue down the status quo path to "commodity town," or pave a new road to "marginville," as I once heard it described. This new path is often the vision of someone in the most unlikely of places who find themselves in an opportune environment to shine—with an undervalued client, unique product or service launch, or simply an interesting perspective in how to look at a mature business. The relationships they build and the manner in which they engage and influence those relationships to further their mission or vision are often the differentiating factors between just another interesting idea and a fundamentally different path for the organization.

Stephen Ebbett, head of global direct distribution for Assurant Solutions is one such client. Although in his early to midthirties, Stephen comes across as sharp and very knowledgeable about the e-commerce world. His first hand experience in getting a dozen or so previous e-commerce sites live has served him well—particularly when trying to replicate that past success in a conservative organization.

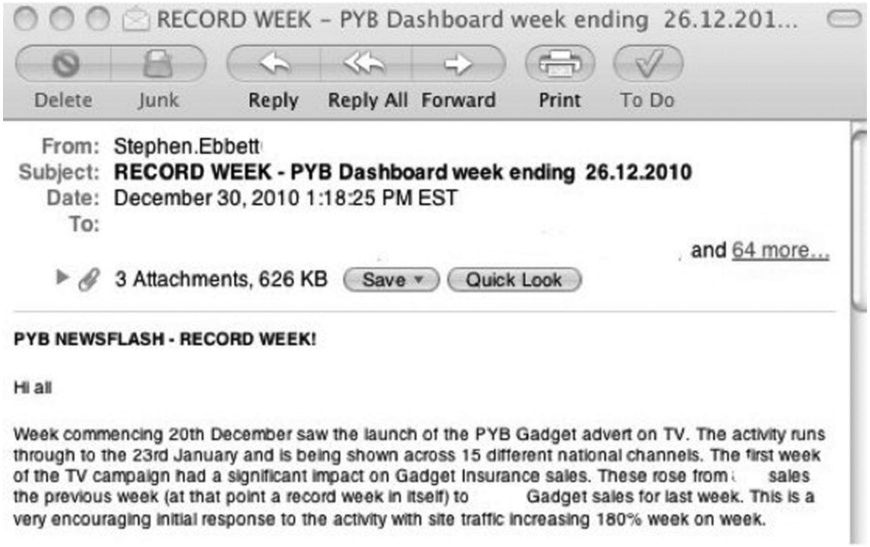
Stephen was recruited to Assurant Solutions UK three years ago to launch a direct to consumer web site selling tangential insurance policies online, in order to reach a customer base outside of the reach of the organization's existing B2B distributors. Since then, he has not only executed on the business goals and objectives set out for ProtectYourBubble.com in the UK, but has more recently been promoted to lead a broader direct distribution effort for Assurant Solutions.

One of Stephen's biggest assets is his ability to communicate his progress, with a broad array of constituents—*consistently*, *intently*, *and strategically*. By arming his portfolio of internal and external relationships with ammunition to see his progress, and believe-in (as well as buy-in) on his efforts, he has managed to raise the awareness, interest, and the company's investment in his vision of an "e-commerce site that sells insurance, versus an insurance company that sells policies online."

It's a strong new path for the organization, and a considerably broader realm of responsibilities—as well as a personal and professional growth opportunity for Stephen. Did I mention that he reports directly to the CEO now?

Arm people with the appropriate information they need to help you. It is critical not to leave this to chance. Come to the table prepared with a systematic game plan that explains how you can become an asset to their efforts.

Personal and highly informative e-mails such as the one in Figure 1.1 from Stephen Ebbett elevate you above the market noise.


RECORD WEEK – PYB Dashboard week ending 26.12.201...

Delete Junk Reply Reply All Forward Print To Do

From: Stephen.Ebbett
Subject: **RECORD WEEK - PYB Dashboard week ending 26.12.2010**
Date: December 30, 2010 1:18:25 PM EST
To:
and 64 more...

3 Attachments, 626 KB Save Quick Look

PYB NEWSFLASH - RECORD WEEK!

Hi all

Week commencing 20th December saw the launch of the PYB Gadget advert on TV. The activity runs through to the 23rd January and is being shown across 15 different national channels. The first week of the TV campaign had a significant impact on Gadget Insurance sales. These rose from sales the previous week (at that point a record week in itself) to Gadget sales for last week. This is a very encouraging initial response to the activity with site traffic increasing 180% week on week.

FIGURE 1.1 Consistent E-Mails Updating the Team on PYB's Progress

Relationship Economics @ Work: Pat Dailey on Becoming an Asset and Arming with Success-Proof Information

I met Pat Dailey several years ago when he was in career transition. Pat is a global human resources (HR) leader who is passionate in the recruitment and integration of senior teams around the globe. As I got to know him, I learned that he is fundamentally an architect of employer-of-choice practices that attract top-tier talent. With each interaction, he clearly demonstrates deep expertise in transforming organizations challenged by strategic repositioning, globalization, turnarounds, SG&A (selling, general, and administrative) cost reductions, and reengineering. Working in a function that many believe is focused purely on the tactical aspects of the role, Pat is a clear-thinking business leader with a proven ability to upgrade both the credibility and the quantifiable contribution of the HR team.

His background includes chief administrative officer at Herbalife International, VP of global workforce management at HP, VP of HR for the network products group of Alcatel-Lucent, VP of HR for Banc One Services Corp. (now a division of JPMorgan Chase), and a partner at Korn/Ferry International. Performance clearly trumps all, but beyond that, as we got to know each other, Pat has always offered to be an asset. In an effort to reciprocate his kindness, I offered to introduce him to a number of private equity relationships. What follows is an example of the information with which he armed me, not only to make that offer more successful (after all, who best to present your credentials than you?), but to mitigate the risk of me formulating his credentials to chance.

Subject: Virtual Intro: Pat Dailey—PepsiCo-trained Senior HR Executive

Neal—I had a good lunch visit with David today and he asked about the progress of our discussions, so I wanted to touch base to see if you've thought any further about getting the portfolio execs together in 2012. I will also call you early next week to follow up.

Separately, I want to introduce you and Steve to Patrick Dailey. Pat is targeting his search for a number one HR role—most likely with a company navigating business transformation and proactively upgrading its competitive capability. His geography is wide open and his hands-on expertise includes best practices at companies such as PepsiCo, Hewlett-Packard, and the U.K.-based BOC Group.

Pat is a leader with distinctive experience including:

Chief Talent Scout. Recruiting, assessing talent, and assembling senior leadership teams, globally

Changing the DNA. Leading and partnering a range of organizational transformation and performance initiatives

(*continued*)

Relationship Economics @ Work: Pat Dailey on Becoming an Asset and Arming with Success-Proof Information *(Continued)*

Succession Planning. Developing the leadership pipeline and orchestrating leadership change with continuity

Board of Director Experience. BOD selection. Installing *performance-based* executive compensation plans

High-Performance Culture. Building sustainable cultures and reward systems that guide and retain great talent

Protecting the Corporation. Managing and monitoring Sarbanes-Oxley (SOX) and Code of Conduct compliance

Global HR Leadership. Inspiring and coaching a lean, global HR team within a highly matrixed organization

I can answer questions you might have about Pat but please feel free to contact him directly at XXX. His CV is also attached.

Best,
David Nour

8. Less Than Ideal Relationship Profiles

There are many social networking tools on the market today to help you find specific contacts. Some of the better ones I've found include LinkedIn, ZoomInfo, Spoke, and Jigsaw. All of these tools enable you to identify contacts. The web site TheyRule.net, for example, will show you who is on whose board and profiles these key individuals.

Type "Equifax," one of the credit-reporting companies, based in Atlanta, into ZoomInfo and you will see that Rick Smith, the current CEO, came to the company following 22 years at GE. ZoomInfo not only shows you Rick's background and tells you that he is on the board of directors of the Commerce Club, attended Purdue University, and held previous roles at GE, but also shows you a picture of the Equifax board and provides you with their respective profiles. (See Chapter 10 for an in-depth review of the most prevalent social networking technologies on the market today.) Figure 1.2 is one of the best concepts I've seen from TheyRule.net.

There is a plethora of publicly available information out there to help you profile key individuals who could be instrumental to your success. This independent due diligence prepares you for an insightful interaction, with intelligent remarks about the company or its leadership, and greater opportunities to work with Rick and his team in addressing critical company challenges and opportunities.

Other popular tools here include Hoovers, OneSource, Factiva, and Leadership Library. There is certainly no shortage of resources for exceptional due diligence information to profile key individuals who are instrumental to your success. Most of these sites are limited to the more visible roles—mainly executives—but with Google, it is difficult for any of us to hide. So if the individual you are trying to meet has ever written an article, been published, or spoken at an event, chances are that his or her profile, background, and points of interest are going to be online. I have also found *McKinsey Quarterly*, Booz Allen's *strategy + business*, and CEOExpress.com to be invaluable tools.

9. Lacking Relationship Insight Validation

Another common mistake in most people's relationship-building efforts is that they do not verify, validate, or void the critical assumptions that they make about key pieces of information or individuals critical to their success. You don't want to walk into a meeting, or any situation, with incorrect or outdated information.

Years ago I created a process I refer to as strategic relationship triangulation (Figure 1.3).

Let me explain. For any person or piece of information critical to your relationship development success, you need to

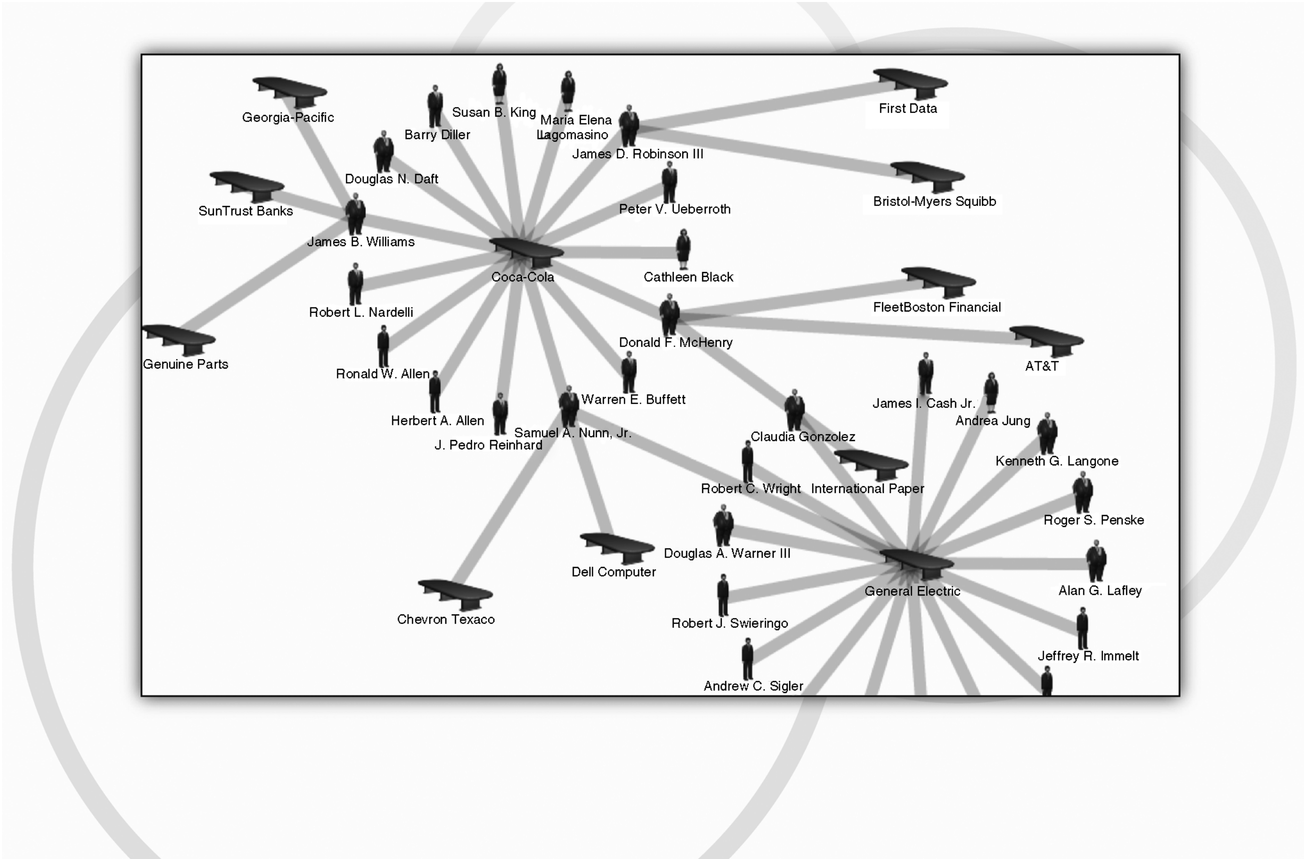


FIGURE 1.2 TheyRule.net Board-Level Social Network

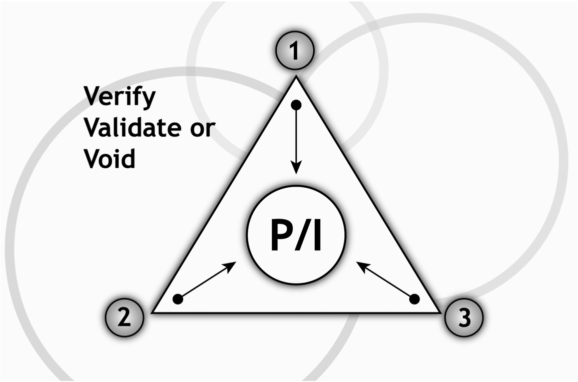


FIGURE 1.3 Strategic Relationship Triangulation

find three independent sources to verify, validate, or void the critical assumptions you're making about that person or information. Is this person still in charge of this project? Is this person responsible for this engagement? Is this person physically based out of this office? I have heard nightmare stories of people getting on a plane for a meeting in New York only to find that the person they are meeting with changed jobs recently and is completely irrelevant to the critical opportunities at hand.

Relationships triangulate a key individual's realms of responsibility. What is this person's real clout? What projects is this person involved in? How many people are on this person's team? If this relationship is important to you, it is critical to do some research in advance to find other trusted sources that this individual works with.

A recent survey polled 100,000 executives about the best way to create access both inside and outside the organization. The overwhelming response—more than 85 percent—was "through a trusted source." That source was further described as an internal lieutenant who works with the individual and knows you and can recommend you, or an outside adviser such as an accountant, lawyer, or consultant whom this individual has worked with who can likewise recommend you. Relationship triangulation can also help you understand highly influential sources within a team, a department, an organization, or an entire industry. Who are the key organization or industry advisers? Who works with real decision makers and in what capacity, and how can you become an asset to them? Knowing this enables you to more effectively customize your presentation and add value to the individual with whom you are trying to develop a mutually beneficial relationship.

10. Givers, Takers, and Investors

In my experience, there are three types of networkers: givers (God bless Mother Teresa), takers (we've all known some), and investors. Which one are you? If I asked your colleagues, customers, suppliers, superiors, subordinates, and industry contacts, which would *they* say that you are?

As I have mentioned before, some people reach out only when they want something. I call those people *takers*. They have a very "me-centric" approach to their networking. I am not sure I would even call what they form *relationships* because their transactional network and contacts are made solely for their benefit—and only *their* benefit. They call you for an urgent task and expect you to drop everything else you're doing to serve their immediate needs. They see you periodically in the market, exchange less than genuine pleasantries, and reiterate "Let's catch up," often meaning "Let me suck out of you all the information I need about what you're doing and what I can replicate from your efforts to improve my situation, and offer no value in return." You must deal with these people cordially but at a distance. Be polite, but guard your valuable assets—knowledge, talent, insights, and, most important, other valuable relationships. Unfortunately this type of behavior seldom improves.

Business Relationship Don'ts: "Drive-By Greetings"

I'm an adviser to the DBM International Center for Executive Options (ICEO). Here in Atlanta, Bob Chaet and team do a great job coaching senior executives in transition to appropriately aim their compass toward an opportunity they'd be most passionate about in the next chapter of their careers. Unfortunately, having had the rug pulled out from under them (often through no fault of their own), most of these execs typically network like mad to uncover that next job. They fill their calendars with endless coffee meetings, countless e-mail touches, and a myriad of "networking events." They proactively reach out to everyone they used to live next to, go to school with, work with, or play with, and even parents of their kids' soccer teammates. They really work it . . . until they find a job.

Then, not only do many stop the activity and tend to go dark under the new rug (which will get pulled out from under them in another few years), but much more detrimentally, they forget the amazing alumni of friends and colleagues, advisers, and hubs who helped them in the process. Other colleagues who are likewise in search of their next opportunity are suddenly forgotten. Favors promised are ignored. And catch-up visits with those still in the market become less important than that corporate visit.

Instead of embracing the very portfolio of relationships that enabled their success, many of these executives further distance themselves. Until three years down the road . . . when they come looking for another job. How likely are you to help them? Most are not. I actually ask them, "When was the last time you called to see how *I* was doing and how *my* business has been since your last search?"

However, the altruistic givers are just as challenged. Don't get me wrong; there is certain nobility in being the Mother Teresa of relationship giving. All this crowd does is give. Constantly doing for others drives them, but they become sheepish when *they* need help. They go out of their way to help people with important projects, often neglecting their own needs, desires, or deadlines. They're often perceived to be incredibly sweet, kind, and giving. There is absolutely nothing wrong with any of these attributes. They simply become an open door for many to take advantage of this kindness. When engaging a giver, you must ensure that you don't become a taker! Always be gracious, thank them for their generosity, and consistently offer to add value to their efforts; for example, constantly ask, "What can I do to help you?" They may never accept your offer, but it's incumbent upon you to keep the balance in a giver relationship.

Patricia, a good friend of mine, is directly responsible for a great number of chief information officers (CIOs) having found their current roles. Yet, when she could have used their help for a charity fundraising event, an incredibly worthy cause, she was reluctant to seek their support.

What Patricia and all the other givers must realize is that when you give, you are making deposits—by doing for others—and those investments are perishable. You will lose the opportunity to leverage those relationships and therefore will have zero to show for all of that generosity, other than self-gratification. It is critical to point out here that we are not talking about keeping score or doing for others only who do for you. But as with most things in life, too much of either of these—taking or giving—will fail to produce the desired outcomes. You must find an appropriate middle ground on which to form personal connections.

The professional balance is a *relationship investor*. This type of person understands that you have to start by giving. You have to make an investment to get a return on that investment.

Long before a need to capitalize or monetize relationships, an investor has accumulated a great deal of social capital through the development of a strong *relationship bank*. This person's name alone creates a sense of obligation to deliver value. Said another way, these are the people you would bend over backward to help, not only because they have gone out of their way to help you in the past, but because whenever you need help, they embrace you with open arms.

Similar to any other investments, relationship investors read their prospectuses. They truly consider their portfolio of relationships to be their biggest asset and constantly aim to analyze and enhance their return on relationship investments. In Chapter 3, I discuss strategic relationship planning best practices.

No one has enough resources to invest in every relationship equally, so you must prioritize your relationships and decide which to invest in more. This is not to say that you should be anything less than cordial and gracious in meeting and engaging others. But you also have to make sure they understand that true relationships are reciprocal in nature and investments made in building and nurturing relationships must be realized as a value-added item at some future time.

Corporate Relationship Deficit Disorder

Business relationships are formed in a variety of contexts. One of the misconceptions of business relationships is that they are purely an external asset or liability. But a great deal of our work over the past several years has been focused on *intracompany* relationships.

Companies, regardless of size or industry, and despite efforts to the contrary by their leadership, tend to build geographic, functional, and project-based silos. Have you ever heard the ongoing disputes between the Los Angeles and New York offices, for example? By definition, those geographies will compete for mind share and wallet share of the corporate headquarters and often create geographic silos.

Likewise, when most organizations are structured by functional capabilities—whether they are practice groups in a law firm or finance, engineering, marketing, and legal departments within most corporations—they are forced to compete for resources. Doesn't that create functional silos?

Last, if key initiatives tend to be organized by cross-geography and cross-functional projects, isn't each project team often competing for access, influence, and resources? As such, aren't project-based silos not only created but often nurtured in time? Many corporations, because of their sheer structure, performance expectations, measurements, and rewards, are not conducive to collaboration and not constructed for communication, and what suffers most are the intracompany relationships. And just like a family, when it is broken on the inside, guess who sees it.

Cultural Divide

An obsession with transactions first and relationships later often tends to distance us from other people instrumental to our personal and professional success. Many have heard of the socioeconomic divide. In more recent years, we have also heard of the digital divide. But I would submit that the cultural divide in our global economy is the biggest culprit in hindering the development and nurturing of both internally focused and externally focused relationships.

Travel to the kingdom of Bahrain and you'll see that a business transaction often includes not only personal embraces but a predominant focus on character—in essence, more emphasis on the DNA of the individual and considerably less on the transaction. On a recent trip to the Middle East, I met Basim Al-Saie, managing director of Installux Gulf, and Fasil Ali Reza, managing director of Ali Reza and Sons. They represent an infectious level of patriotism and all that is right and good about the Arab world. These highly U.S.-educated (both went to school in Boston), affluent, family-centric business executives see more in an individual's character than they do the value of a transaction. As a matter of fact, much of the world comes to the United States and is surprised, if not offended, by our unquenchable thirst for transaction success before we show any signs of a personal connection.

Relationship-Centric Best Practice:
Welcoming More Than Just the Employee

Think about it: The last time Michael and his entire family were transferred from San Diego to Chicago, his new immediate manager barely got out an e-mail on the Friday afternoon before that Michael would be joining the team the next Monday. Why not organize a small reception at the manager's home, invite key employees and their spouses along with Michael and his wife, Lori, and make it a personal mission to make sure they feel comfortable in their new personal and professional surroundings? Because despite popular belief, I would submit that (1) what Michael does for a living isn't who Michael is, and (2) if Lori doesn't feel at home in Chicago, the stay for the job will be a short-term transaction rather than a long-term investment in the position of the company.

One of our clients has created a "family buddy system," where they introduce a recently relocated family to several other families and help them adjust. From neighborhoods with great schools, to places of worship, to places to shop for groceries and find activities for the kids, they have determined that the level of engagement in the new community by the entire family directly correlates with the level of satisfaction and comfort by the employee in the new assignment.

About the Author

David Nour is *the* thought leader on Relationship Economics®—the quantifiable value of business relationships. In a global economy that is becoming increasingly disconnected, The Nour Group, Inc., has attracted *Fortune* 100 consulting clients and driven unprecedented growth through a unique return on their strategic relationships. David has pioneered the phenomenon that relationships are the greatest off–balance sheet asset of any organization, large or small, public or private.

He annually delivers 50 keynote speeches at leading industry association conferences, corporate meetings, and academic forums. He is often a guest lecturer at the Goizueta Business School at Emory University and Georgia Tech's College of Management. He is an active member of several professional organizations, including the Association for Corporate Growth (ACG), American Management Association (AMA), Institute of Management Consultants (IMC), and the Society of International Business Fellows (SIBF).

David's unique perspective and independent insights on relationship economics have been featured in a variety of prominent blogs and publications, including the *Wall Street Journal*, the *New York Times*, the *Atlanta Journal and Constitution*, *Association Now*, *Entrepreneur*, and *Success* magazine. He is the author of several books, including *ConnectAbility* (McGraw-Hill), *The Entrepreneur's Guide to Raising Capital* (Praeger), and the *Social Networking Best Practices* series.

An Eagle Scout himself, David is passionate about youth with his foundation's support of the Centennial Scouting movement, Junior Achievement, One Voice (aiming to create peace in the Middle East), and the High Tech Ministries.

A native of Iran, David came to the United States with a suitcase, $100, limited family ties, and no fluency in English. He earned an executive MBA degree from the Goizueta Business School at Emory University and a BA degree in management from Georgia State University.

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