

Building effective relationships

An agenda for boards and senior management

Questions boards and senior management should ask of themselves

- 1. As a company, do we value relationships or merely say that we do? To what extent is the importance of relationships reflected in:**
 - The strategic plan?
 - Board and executive committee agendas?
 - The role descriptions of senior management?
 - Internal reporting requirements?
 - The company's evaluation and remuneration structure?
 - Internal monitoring and audit arrangements?
- 2. Have we identified the key relationships that are needed for the long-term success of the company?**
 - Do we understand how value is created by each of these relationships?
 - Is there a danger that relationships are analysed at such a high level that differences within groups are not recognised?
 - How do we ensure that the identification of relationships is happening at every level of the company?
 - Which new relationships will be needed in the future?
 - What assumptions regarding the business context (and possible changes in it) are made in the answers to the above questions?
- 3. Is the company effectively tuning into relationships?**
 - How is effective dialogue being secured?
 - How are the results of the relevant dialogues being appropriately captured and disseminated?
 - What is being done to improve the most important relationships?
 - How can we ensure that these relationships are mutually beneficial and continue to create value?
 - Which relationships are at risk?

4. Does the company measure the effectiveness of its relationships?

- What means of obtaining input are appropriate?
- Is the data effectively analysed and understandable?
- Is management action informed by that analysis?
- Does the method of measurement, analysis and the use made of the analysis interfere with the very relationships that it is measuring or result in un-relational outcomes (e.g. the treating of relationships as being merely group relationships capable of being reduced to numbers)?
- To what extent is the company's view as to the state of its key relationships verified with the other parties to those relationships?
- Does the company's interaction with the other parties to key relationships communicate what the company stands for to those parties?

5. Is the importance of relationships reflected in the reporting by the company?

- Does the overall balance and approach of the annual report suggest that the company treats relationships as being its top priority?
- What other means of reporting are used (including the company's website, social media and other 'non-traditional' means)?
- How do we ensure that there is an effective relationship with those to whom the reports are presented?

6. How effective are we at developing relationship management capability in our people?

7. How effective are our relationships within the board/senior management? In what ways can we improve these?

Note:

- (i) *All of the above questions need to have regard to relationships of all kinds, including internal relationships (e.g. among board members, between board members and other members of management, between senior management and their direct reports and between senior management and employees more generally) as well as external relationships of all kinds (e.g. with shareholders, lenders, suppliers, creditors, customers and the communities in which the company operates).*