Leading the Way

Building Relationships for Your Business and Your Life

Excerpt from **The Ripple Effect***, by Steve Harper*

Leadership and legacies are about people - people who impact others in a positive way and inspire them to do the same, hence a 'ripple effect'.

Our world is driven by information, much of which you can obtain instantaneously with a few keystrokes or the click of a mouse. When it comes to running your business, it is often people and relationships that will yield some of the most valuable information for achieving your goals. The best of all worlds is to utilize and benefit from both. Just remember, that 'people and relationships' thing doesn't happen automatically.

In ***The Ripple Effect,*** *author Steve Harper demonstrates the difference between simply 'networking' and actually building relationships that can enhance your professional and personal endeavors. His examples illustrate how a simple, thoughtful gesture or a moment of attentiveness can be the catalyst for unexpected positive outcomes.*

In the 1987 blockbuster Wall Street, unscrupulous tycoon Gordon Gecko (played by Michael Douglas) reveals one of the secrets of his success: "The most valuable commodity I know is information." While I would never pattern either my business or personal dealings on Gecko's example, I can't disagree with him on this point. Information is vital for business success at any level.

With the coming-of-age of the Internet in the 1990s, it's never been easier to harvest massive amounts of information. Perhaps predictably, though, quantity doesn't equal quality. What's really reliable and accurate? And what's only rumor, speculation and outright falsehood?

The fact is, we need good information more than ever - and more of us than ever are prepared to pay for it. Consider Austin-based Hoovers, Inc., one of the preeminent internet sites for searchable business information. During the dot-com gold rush, Hoovers offered most of its services free of charge, depending instead on revenue from site advertisers. But after the crash, the company brass re-evaluated their business model and came to the conclusion that charging a subscription fee to users was a better option.

Turns out they were right. Today the company offers a variety of subscription levels that provide access to proprietary information on about 40,000 companies, more than 300,000 corporate officers and 600 industries. Users can create customized searches, download data into spreadsheets and other software, and receive personalized news alerts. The staff of over 80 professional editors collects, evaluates and filters the information to ensure its accuracy and timeliness.

I bet old Gordon G. wishes he'd had access to that.

The Relationship Economy

Good information is like money. It's so valuable precisely because it's scarce. It's the same reason why corner offices will always be more prestigious than interior ones — everyone wants one, and there simply aren't enough to go around. Information is like currency in another way, too. Unless you actually do something with it, it's not really worth anything. Money is valuable not for what it is (pieces of paper), but for what it can get us: food, shelter, clothing, box seats at Texas Stadium.

> "Find ways to move your relationships with clients to a level of mutual assistance that goes beyond the core product or service that brought you together in the first place."
>
> \- Bill Cates

I often hear talk about the "information economy." But for information to have any real value, it depends on a more fundamental "relationship economy" for its transmission. Without that 'relationship', none of us could acquire new customers, vendors or employees. None of us could develop new products or services. None of us could take advantage of new trends and new technologies. Without that relationship economy, there wouldn't be any new trends or technologies!

The implications of the interchange between the 'relationship economy' and information economy are enormous, but for the time being I want to focus on three main lessons.

1 - we are all in the relationship-building business.

2 - we should constantly be on the lookout to gather new information and acquire new knowledge.

3 - it is vital that we then disseminate that knowledge through our network of connections, acquaintances, clients, customers, friends, colleagues and family. Only then does information become the dynamic social currency it should be.

Let's look at each of these points a little closer:

1. ***We are all in the relationship-building business.*** If you've been in business for longer than 30 minutes, you've surely heard the adage, "People do business with people they like and trust." It's true! That's the essence of good customer service, which inspires both customer loyalty and quality referrals.

People also want to help the people they like and trust . . . and know. Mark, a client of mine who also became a good friend, was someone I desperately wanted to introduce to a wider circle of my friends and business associates. I kept looking for ways to add value to his company and our relationship, but for years I was unsuccessful. His business was highly specialized, and somehow the opportunities I wanted to help him develop never quite clicked.

One day over lunch with Mark, I learned that he is an avid scuba diver. That isn't the kind of information that tends to come up during the normal course of business — and that's precisely what made it valuable. Later on in that conversation, Mark mentioned the frustration he was experiencing with a programmer he had contracted to develop a database program. Despite having spent a lot of money, the project still hadn't gotten off the ground.

And suddenly . . . a connection! I thought of another friend, Eric, who, as luck would have it, was both a superb programmer and a diving enthusiast. I made a call, got the two together and watched them both benefit.

2. *Each of us should constantly work to gather new information and acquire new knowledge.* We acquire knowledge through both active and passive means. The Internet, for all its imperfections, is an invaluable tool for actively seeking information. The news we used to get solely from a morning newspaper or an evening telecast can now be accessed within seconds any time we want it. Want to find out who's living in your subdivision? What businesses have just relocated to your city? Consumer spending trends? The web is generally your first stop. But it shouldn't be your only stop. Books, magazines and newspapers are all worth at least scanning regularly.

Sometimes, though, the most useful knowledge is discovered when you're not looking for it. I've found that the simple art of listening is the best way to passively absorb mountains of information. But how often do we take the time to really listen to what's going on around us? Too much of the time, we are doing the talking! And if we're not, were thinking about what we're going to say, or what we have left to do that day, or what traffic is going to be like on the way home.

How many pieces of valuable knowledge have we missed because we were preoccupied with something other than what's being said? What if even one of those pieces could have transformed our lives for the better? How many missed opportunities have we caused ourselves? .

So, we need to close our mouths and open our ears! Listen — really listen — when people talk about their interests, their work, their concerns and their hopes. Listen to the Oprahs and Donalds of the world as well as to the waitress who serves you our coffee or the barber who cuts our hair. We cannot predict from which mouth pearls of wisdom will drop.

3. ***It is vital, too, that we disseminate knowledge through our network of connections, acquaintances, clients, customers, friends, colleagues and family.*** I firmly believe that information is meant to be used, and I'm constantly looking for opportunities to use it wisely and well to create positive ripples. I encourage you to do the same, and I think you'll be amazed at the results.

I had a client with whom I wanted to create a closer working relationship. I knew my services could also benefit his client base, and I wanted the chance to forge a connection with some of them. Although my client and I had become fairly good friends, he wasn't sending me a lot of referrals. It wasn't because he was in any way unhappy with the service I was providing. Like most of us, he simply hadn't embraced a referral-focused, relationship-oriented mindset.

So over the course of several months, I began actively looking for information that I knew both he and his clients would find interesting, valuable and educational. I forwarded him links to various websites. I clipped articles and sent them to him with a little note: "I ran across this and thought of you and your clients." I never attached any strings or set any expectation of what I wanted in return. Each time, though, he thanked me with an e-mail, a phone call, a handwritten note or even on occasion, a lunch.

> "Very few men are wise by their own counsel, or learned by their own teaching. For he that was only taught by himself had a fool for his master."
>
> — Ben Johnson

Thanks to those simple actions, our relationship grew stronger and he did even more business with my company — in and of itself something that more than justified my efforts. But one day he all but demanded that I tell him some way he could return the favor. After all, he said, his firm had materially benefited from the additional value that I had helped him create for his clients. He wanted to repay me with something more than lunch, and he wouldn't take "No" for an answer.

So I told him: introduce me to a couple of the clients that my "knowledge gathering" had helped. He did even better, and before long seven of his top-shelf clients were also clients of mine. What a return on my minimal investment of time and thoughtfulness!

People Power

Good companies innately understand that commerce revolves around people both internal and external to the business.

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We talk about "managing" relationships with customers, with vendors and with employees, but I think that's the wrong terminology. Companies grow not by managing those relationships, but by nourishing them.

It's a difference in philosophy. Managing is reactive. It involves adapting to changing circumstances, dealing with conflict and crisis, and, in general, making the best of less than ideal situations. There's nothing wrong with that, but I think it's akin to treading water. You're keeping afloat, but you're not going anywhere. And sooner or later, fatigue is going to send you under for good.

Nourishing, in contrast, is proactive. It results in growth, and it helps create a better, stronger organism. It also often results in a positive return. Nourish your vegetable garden and enjoy the freshest salads on the block. It's satisfying for both the one giving and the one receiving nourishment – it's what scientists call a "positive symbiotic relationship." Simply put, both parties benefit from the relationship.

What's the business value of nourishing key relationships with customers, vendors and employees? Let's find out.

1. ***Customers, clients and prospects***. This is probably the area where the power of relationships has the most visible impact on a company's bottom line. It bears repeating: "People do business with people they like and trust." A good working relationship with a prospect or current customer often means the difference between making a sale or not, regardless of the merits of the product or service being offered. That's not an excuse to sell shoddy merchandise — it's the reality that sales are more influenced by relationships than fancy features.

Your relationship with the client also extends far beyond the immediate transaction. It may significantly impact your long term profitability. Superior companies not only understand that, they embrace it. They're not just concerned about today's sale; they're intent on maximizing the customers "lifetime value."

What constitutes lifetime value? It's everything a particular client or customer will spend for the next 10 years or more with your company. But that's not all. It's also all the people your happy, satisfied customer refers to you, all the money they spend, all the people they in turn refer and the money they spend, and . . . well, you get the idea. Needless to say, a customer's lifetime value can be absolutely tremendous.

To really maximize lifetime value, treat every client as if you were helping your 90-year-old grandmother. Take the time to look in on your clients, watch out for them and treat them with the respect they deserve. Go the extra mile for them; add value wherever and whenever you can. If you make them feel like a million bucks whenever they interact with you, you can be confident that they'll keep coming back.

"Fair play with others is primarily not blaming them for anything that is wrong with us."
— Eric Hoffer

2. ***Vendors and suppliers.*** Too many companies neglect these very important relationships. Big mistake! Without their support and the positive ripples they generate for us, most of us can't deliver our goods and services on time and on budget to our customers. To make cars, Ford Motor Company needs the assistance of myriad other businesses: steel, tires, glass, plastics and electronics, just to name a few. For McDonalds to offer that 99-cent cheeseburger, they need relationships with beef distributors (who in turn depend on cattle ranchers), vegetable producers, bread makers and packaging companies.

Its not that companies don't recognize the important role their suppliers play. I think that all too often they simply see their vendors as necessary evils instead of as partners in a common cause. That's unfortunate, because strong relationships at this level can produce some tremendous benefits.

For example, who do you think gets the first crack at special pricing, better turnaround times and more flexible (and therefore more profitable) terms? Is it the companies a vendor actually likes working with, or the ones who constantly nitpick, delay payment and make unreasonable demands? The answer is obvious.

I think of one vendor in particular, a leasing company that I worked with when I owned an office equipment company. Through that vendor I was able to purchase some equipment to resell that had either been repossessed or returned when a lease expired. I worked hard to nourish my relationship with the company and became friends with several of the leasing agents. I never missed a chance to thank them for their help and often sent them small gifts of appreciation and thank-you notes.

The result? I usually had the first option to buy topflight equipment, sometimes for mere pennies on the dollar. That translated into much higher margins on my resale opportunities, which significantly helped my company's profits. Compare that to another office products dealer I knew who lacked that same special relationship with the leasing company. He was paying full price for his end-of-lease acquisitions. Ouch.

Finally, I asked my friends at the leasing company why they gave me special treatment. "We like you, Steve," they told me. "You're a valued partner with us, and we go the extra mile for our partners."

3. ***Employees and co-workers.*** I recently completed a consulting project for a company that was facing a severe personnel crisis. Employee turnover was high, morale was low, and constructive communication between the owner and staff was practically nonexistent.

Surprisingly, this wasn't a bad company by any means. The owner had built it from the ground up through hard work and a personal dedication to client service. It had been successful relatively early and had expanded rapidly within the past few years.

That rapid expansion, I suspected, was part of the problem. The owner was so focused on his external relationships with clients that he was simply unprepared to nourish his company's internal relationships. Although he had hired talented people, he had provided little training and support and was impatient with their growing pains. His criticism stung more often than not, and his tendency when faced with questions or with results not up to his standards was usually to tell the offending employee, "Forget it — just let me do it." In short, the guy was a control freak.

I've found that approach is not unusual in entrepreneurs who have bootstrapped their way to success. Sad to say, that is a fair characterization of my behavior when I started my first company. If anything, I was probably an even worse office tyrant than this man. Left uncorrected, it is behavior that can severely limit the long-term stability and growth potential of a business. Companies are no less dependent on their employees than on their vendors to deliver quality service. McDonalds needs its food suppliers, its packagers and the folks who take your order (and your money) at the drive-thru. It's the people who flip the burgers, change the oil in the fryer and pour the shakes. It's the people who interact with the customers. Even in a company like McDonalds, where management has spent millions to create the most automated and system-driven environment possible, it's still the front-line employee who most directly impacts the customer experience. People - not machines, processes, or models — are the pathway by which money flows from customers to companies.

> "If we are facing in the right direction, all we have to do is keep on walking."
> — Ancient Buddhist proverb

Ultimately, how employees treat customers is directly dependent on how they are treated by co-workers, supervisors and managers. If they feel valued, respected and rewarded, they will unconsciously transmit that positive energy to all customer interactions. They will be more efficient and innovative, work harder, and be less likely to jump ship to another company. Their talents and skills will be maximized.

The reverse is also true. In a workplace infected by suspicion, fear, mistrust, frustration and animosity, service suffers. Productivity suffers. Customer service suffers. And, ultimately, profitability suffers.

That was the downward spiral my client was likely to enter if things didn't change soon. Fortunately, there was still time to reverse the negative trends. The problem, as I told the frustrated staff, wasn't that their boss didn't want them to succeed. It was that he was scared: scared to lose clients, scared to delegate the work he had done for so long, scared to trust others to care about the company as much as he did.

So I challenged the staff to put themselves in their employer's shoes and work as though they owned the business. I asked them to function with the same energy and sense of urgency that he does, and to approach their jobs as if they are personally responsible for writing those big payroll checks twice a month.

For the next two weeks, the staff ran like the wind. Customer calls had never been so quickly and efficiently resolved, and new accounts had never been so smoothly and promptly handled. Their energy overwhelmed the control freak owner. By the time he had gotten around to addressing tasks outside his area of core responsibility, they were already correctly completed. As a result, he was basically forced to learn to trust his employees. And they, in turn, gained an appreciation for the pressures and responsibilities he faces every day. Armed with this new mutual understanding and respect, the entire company now functions in greater harmony. ***TAN***

Make plans to hear Steve Harper, author of The Ripple Effect*, when he delivers the keynote address at the TAAO & ICTA Annual Conference on Sunday, August 24th in Irving.*

Steve is a business consultant, a public speaker, and teaches Service Essentials for Everyone, a customer service course offered by TAAO. His classes have generated enthusiastic feedback from attendees who have commented:

"Most useful class I have ever taken from TAAO"

"I came away with information & ideas that can be utilized on a professional & personal level"

"I have never been in a class before where everyone was totally engaged"

"Everyone should take this course"