

Building Authentic Business Relationships

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The ability to build and maintain strong relationships with other organizations is a key business asset and often a critical success factor in the achievement of business goals. This has never been more true than in the current business environment, which is increasingly relationship-based.

The many benefits of authentic business relationships that have been documented by researchers include increased market share, improved financial performance, business growth, reduced costs, improved organizational learning and better innovation performance.



The benefits of authentic relationships derive largely from the replacement of contractual forms of governance with more informal, trust-based linkages. These facilitate the flow of information and expertise between organizations and allow for the use of informal governance methods that improve flexibility and adaptability and facilitate conflict resolution.

Other benefits and performance improvements often arise over time as the participants adapt aspects of their respective organizations and working practices to the needs or characteristics of their business partners, resulting in improved synergy and cost-effectiveness.

Despite the well-documented benefits of authentic business relationships, their importance as a business asset is often overlooked, and few organizations work systematically at improving their relationship-building abilities. To do so effectively often requires a holistic organizational transformation, which can be challenging for many firms, though the potential business benefits are significant.

There is a need to ensure, for example that:

- The organizational purpose and values are properly defined
- Employees have the right skills and attributes to develop trust-based relationships
- Relationship building is a central focus of business strategy and receives appropriate levels of commitment and resources, and
- Organizational systems promote rather than hinder relationship development

Schroeder & Schroeder Inc.'s Art and Science of Transformation® framework was developed in recognition that effective organizational transformation projects require both “science” and “art”. This holistic approach balances the application of systematic change management methods and techniques with the softer skills and attributes necessary for influencing the attitudes and behaviours of people. It also helps ensure that organizational culture; systems and strategy are all well aligned and designed to promote authentic relationship building.

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