Measuring the Strength of Relationships

by

Forrest W. Anderson

In 2007 I had the opportunity to work with Linhart Public Relations in Denver on a communications audit. I used a research technique that gave us great insights and led to solid recommendations. The client applauded at the end of our presentation. And a month or so later, they told us they referred to our report and used it every day, and the COO actually cut-and-pasted our recommendations when assigning communications tasks to staff!

Academic Background

In 1999 Jim Grunig, then of the University of Maryland, and Linda Childers Hon of the University of Florida published a paper on how to evaluate relationships. One of their premises is that the real business of PR is managing relationships. Using professional and academic sources, they derived six factors that collectively measure the strength of a relationship from the stakeholder's point of view:

1. Mutual Control
2. Trust
3. Satisfaction
4. Commitment
5. Exchange
6. Community

Real-World Application

In the work with Linhart PR, I used this technique as part of an audit of the National Governing Board (NGB) for a U.S. Olympic sport. Those I surveyed included current and potential team athletes, their parents and coaches, donors and trustees. The data showed relationships were strong across all but two of the six relationship factors: Exchange and Mutual Control. We disallowed the Exchange factor; it said stakeholders did not believe the organization did anything without expecting something in return. Considering the situation, this seemed appropriate.

However, the Mutual Control issue was different. Our client needed commitment to training, integrity and to the NGB from athletes and coaches, and money from donors. The athletes and coaches want financial and logistic support from the NGB. Donors want to see performance, integrity and support for the NGB from the athletes who reach the podium. But most stakeholder groups believe the NGB does not listen or respond to their

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wants and needs. The data enabled us to show the client that to achieve its goals, it needed to listen better and actually respond to stakeholder concerns, rather than ignore them.

Sensitivity

I was surprised by how sensitive this research technique is. Not only did it tell me the relationship was weak, but it told me how and suggested what to do to strengthen the relationship.

Other Applications

Until now, I had not given the approach much thought; it didn't get at sales or share price, the behavioral issues I've always believed CEOs really care about. Now I think evaluating the strength of relationships would be useful for any organization. It obviously makes sense for public and community affairs. Other applications could include assessing relationships with customers, employees, shareholders, financial analysts, technical analysts and so on. It also offers one kind of benchmark against which to evaluate the success of communications programs.

How this Fits what CEOs Do

Returning to whether measuring relationships gets at the issues CEOs care about, my sense is CEOs care more about reputation now than they did in the past, because they've seen what hits to reputation can do to an organization. Investing icon Warren Buffett is reported to have said to his managers: "If you lose dollars for the firm by making bad decisions, I will be very understanding. If you lose reputation for the firm, I will be ruthless." CEOs also seem to respond more quickly to reputational threats than in the past.

In the messaging work that I've done, I've come to view CEOs as one, if not the only, person in most organizations who actively manages the wants and needs of all its stakeholders. He or she needs capital from shareholders, ideas and work from employees, revenue and loyalty from customers and permission to operate from the community, to name the most basic requirements.

And yet the wants and needs of each of these groups is different and in some ways conflicts with the wants and needs of others. For example, the best way to get a fast return on investment might be to skimp on employee pay and benefits and on quality control with products and services. While this might improve the relationship with shareholders, it will hurt the relationships with employees and customers. So, in the long run, it probably is not a good strategy.

What a CEO must do is keep the demands of, and rewards to, each stakeholder group balanced with those of the other groups and to encourage each group to buy-in to the overall plan. From this perspective, measuring and strengthening relationships in the fashion we did for the NGB should be very important to many CEOs.

You can find the Grunig-Hon paper here:

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http://www.instituteforpr.org/research_single/guidelines_measuring_relationships/

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I work with organizations that are going through a change in strategic direction (merger, acquisition, building program, new product launch, change program) and that are concerned about what will happen with their relationships with key stakeholders (customers, employees, investors) if they send out the wrong, or confusing, messages. After working with me they have a clear understanding of what their messages should be. I also provide them recommendations on other actions they can take to enhance their relationships with their stakeholders.

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