



# Relationship management: The new IT core competency?

“Where good relationships were built over time they made a 20-40% difference in specific results achieved compared to those organizations that did not build good relationships, and where in an individual contract relationships moved from poor to good, performances also significantly improved (10-40%) on a continuous basis.”<sup>1</sup>

Traditionally, the competency of an IT worker has been measured in technical terms. The ability to understand and deploy complex technology was seen as the critical skill required. However, the environment is changing. Building an application is no longer a matter of automating manual processes and delivering immediate benefits to the business – that has all been done. The industry has matured, and today’s IT applications need to develop and evolve hand-in-hand with the business. We no longer specify the full requirements for an application, then pass them ‘over the wall’ to the IT department to deliver. Even so-called ‘packaged’ ERP software can rarely be deployed without customization or significant configuration. It is clear that relationships between IT staff and their business clients have become a critical success factor. The consequences are significant, as indicated in the quotation above.

This article explores relationship management in the IT domain. In particular, it focuses on the use of a technique called organizational network analysis (ONA) to explore the nature of existing relationships and identify issues and opportunities for improved performance. It also briefly describes a case study of an existing vendor/client relationship, between the two firms, within each firm, and at the level of the personal networking habits of the study participants.

## Organizational network analysis

ONA can be defined as the application of social network analysis (SNA) to organizations. It draws its technological roots from SNA, but applies them in a different context: ONA is principally concerned with networks of relationships within corporate and public administration environments. The technique principally looks to develop maps of relationships between individuals and/or entities. These network maps and associated measurements are used to analyze the nature of existing relationships, looking for opportunities to improve performance through thoughtful interventions. Such networks can be analyzed at multiple levels, such as those shown in Figure 1 overleaf.

At the *personal* level is the network of relationships between individuals. Individuals can review their own networking patterns<sup>2</sup>. For example, listing the people that you work with describes your personal work network. Analyzing its membership enables you to answer questions such as: ‘Is my current set of contacts providing me with the competency development opportunities that I require?’ If (say) you find that your network is limited to the immediate colleagues that you see every day, it is likely that your competency development horizons are limited.

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1 Mary C. Lacity and Leslie P. Willcocks, “Global IT Outsourcing: In Search of Business Advantage”, Wiley 2000.

2 See <https://webapp.comm.virginia.edu/networkroundtable/>.

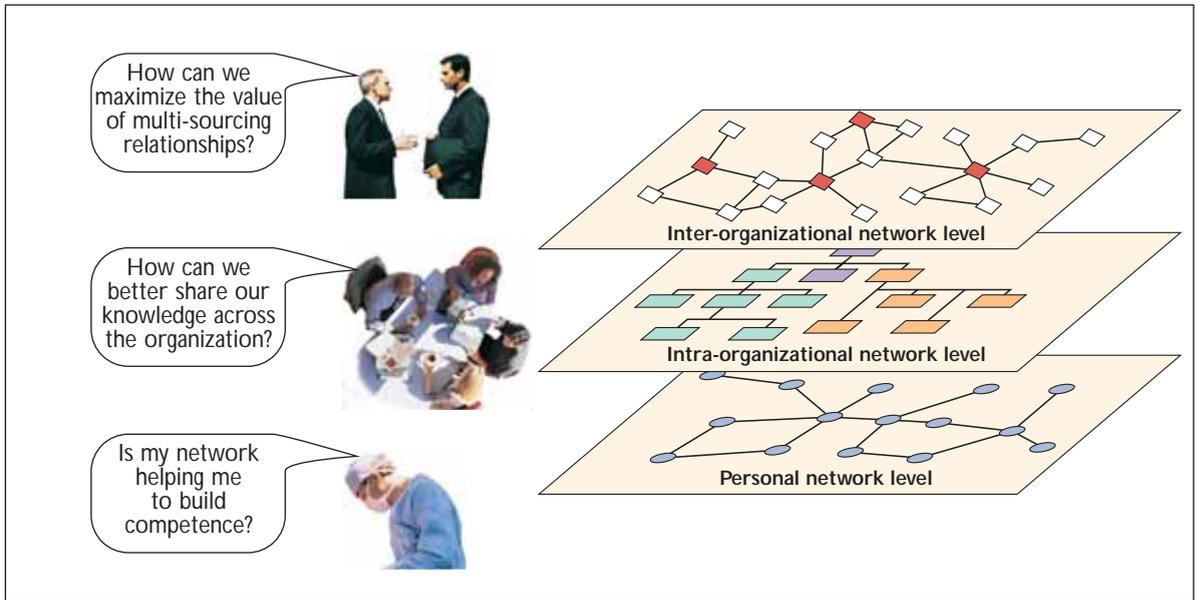


Figure 1 – Three levels of organizational networks

## CORPORATE SOCIAL CAPITAL

A research study undertaken by the author analyzed some 160 firms in the global information services sector for how much their industry connectedness and reputation (or 'corporate social capital') contributed to their performance. Each firm's performance was measured in terms of ROI, market-to-book values and total shareholder return. Corporate social capital was formulated as a combination of the firm's financial soundness, centrality in the marketplace, absorptive capacity (measured as R&D activity), structural and human capital. The results indicate, as expected, that financial soundness is the major predictor, but centrality, absorptive capacity and human capital are also key components of the corporate social capital that influences a firm's performance. The results imply that beyond the ability to manage the finances, the ability to manage relationships is a critical competency requirement for the IT organization.

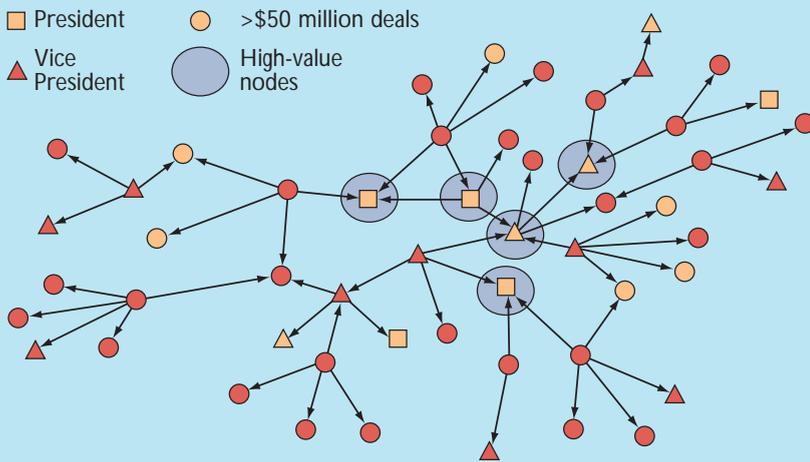
At the *intra-organizational* level, the formal organizational structure is superimposed on personal network maps to identify the impacts of organizational structure on working relationships. Organizational restructuring is a tool of choice for executives looking to influence significant change in an organization, and the success or otherwise of such structural changes will often depend on how well they can leverage underlying personal relationships. The ever-present tension between servicing the business unit you belong to, while sharing information and knowledge across organizational boundaries for the 'corporate good', is often only eased by pre-existing relationships. Without such relationships, organizational silos and internal competition will proliferate. For the supervisor/manager, the skill is in being able to facilitate and balance staff networking relationships, both within and outside the team or business unit.

At the *inter-organizational* level, the relationships identified might be alliances or joint-venture networks that exist within the commercial marketplace as industry networks<sup>3</sup>; or in the public administration arena, they might be relationships between government and non-government agencies and organizations. At this level the 'alliance manager' competency is one of facilitating cooperation through inter-organizational relationships and complementary goals. An inter-organizational network could also be a client/supplier relationship. In this case the 'client manager' or 'contract manager' competency could be characterized as facilitating profitable relationships between supplier and client staff. For example, close analysis of typical IT outsourcing contracts shows that very few, if any, of the services provided and consumed are without a significant human competence component. Be it the help desk, desktop support, application development or strategic IT planning, it is the people-to-people interactions that will ultimately dictate the value achieved. Even for IT staff who have no interface to users, effective personal networks between (say) the mid-range servers, networks and security teams will be required to ensure that the required levels of cooperation are achieved to deliver a cohesive service to the client.

3 Laurence Lock Lee, "Multi-sourcing in the networked marketplace: what you can see is what you get", LEF Journal, December 2005.

## THE HIGH-PERFORMANCE SALES FORCE

The network shown below has been extracted from an ONA report on how well connected the sales and business development staff were across a global services firm. One of the questions in the ONA survey asked respondents to list who in the organization had helped them win deals valued at greater than \$50 million. The yellow nodes identify those nominated. The shape of the nodes shows that indeed those high-value nodes were often well connected, and were often senior officers in the company.



### The relationship between networking and performance

“It’s not what you know but who you know” is a frequent (and often cynical) response to the successful promotion of a colleague or acquaintance. However, along with the cynicism there is clearly an element of truth. The connection between networking and performance has been well researched, and the research shows that high performers tend to be centrally located within networks, they invest in the careful selection and nurturing of their relationships, and their behaviour patterns include exploration and engagement in quality relationships<sup>4</sup>.

ONA is a tool for analyzing and measuring the value of relationships. Through ONA a variety of measures are available for assessing relative positions within personal or market-level networks. The most common measure is centrality, which in essence determines how well connected an individual or entity is within a given network. The correlation between centrality and performance is commonly used to identify the links between relationships and performance. It should be noted, though, that being ‘too central’ can also have negative effects on performance. Being too close-knit can result in the loss of access to fresh ideas and innovations. Therefore optimal performance is usually associated with finding the ‘right’ level of centrality.

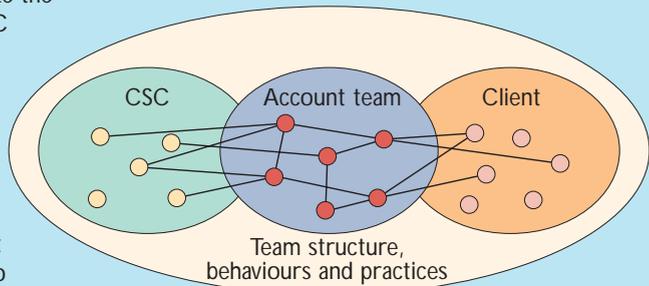
In summary, competency in relationship formation and management is a skill required at all levels of the organization. At a personal level, everyone needs to be aware of how they can use their network to help build their own competency levels as well as help others to build theirs. At the organizational level, the supervisor or manager needs to build the skills to be able to effectively balance work relationships within and between teams. At the marketplace level, those with the skills and competencies to manage an effective client or supplier relationship or negotiate an effective alliance agreement will be much sought after.

<sup>4</sup> See Rob Cross, Robert J. Thomas and David A. Light, “How Top Talent Uses Networks and Where Rising Stars Get Trapped”, [https://webapp.com.virginia.edu/NetworkRoundtable/Portals/0/High\\_Performer\\_Networks\\_and\\_Traps\\_Roundtable\\_Final.pdf](https://webapp.com.virginia.edu/NetworkRoundtable/Portals/0/High_Performer_Networks_and_Traps_Roundtable_Final.pdf) and Robert E. Kelley and Janet Caplan, “How Bell Labs Creates Star Performers”, Harvard Business Review, 1 July 1993.

**LOOKING INSIDE A VENDOR-CLIENT RELATIONSHIP: A CASE STUDY**

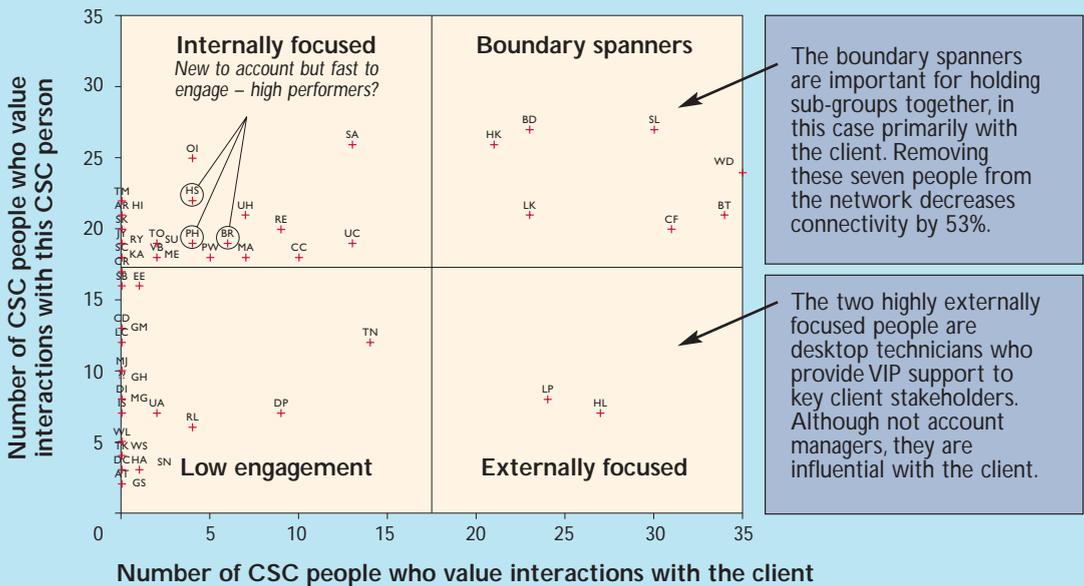
The objective of this study was to analyze the dynamics of the relationships across CSC account team and client boundaries, looking for opportunities for maximizing value through optimal relationship structures.

The CSC staff (both the account team and others who were nominated as having some contact with the account team) were asked to nominate both who they interacted with in doing their day-to-day job, and who they believed would help them do a better job if they were able to have more of their time.



The schematic below was derived by asking people to name who helped them most in performing their job. The vertical scale shows those who are most sought after by their colleagues. The horizontal axis identifies the extent to which respondents have nominated staff from the client organization. Hence those respondents who are both sought after and also name client staff as key contacts are considered 'boundary spanners'. In contrast, staff who are not sought after and not engaging with the client are labelled 'low engagement'.

**Matrix mapping responses of 'agree' and 'strongly agree' to the statement "Interactions with this person are important in helping me to do my job effectively."**



The boundary spanners are important for holding sub-groups together, in this case primarily with the client. Removing these seven people from the network decreases connectivity by 53%.

The two highly externally focused people are desktop technicians who provide VIP support to key client stakeholders. Although not account managers, they are influential with the client.

The network density results (not shown) reveal a relatively high volume of CSC account and client interactions when compared to similar studies undertaken elsewhere. However, they also show that the client relationship is critically dependent on a handful of 'boundary spanners' – a few individuals who were the most sought after by both CSC staff and client staff. Interestingly, the other staff members critical to the client relationship were two desktop technicians who provided a VIP service for the client executive. Their positioning in the 'externally focused' quadrant suggests that perhaps they are being under-utilized by CSC as a source of client 'intelligence'.

Furthermore, this survey showed that most of the staff did not reach out beyond their immediate work colleagues to develop personal networks of work-based relationships. This makes the introduction of new ideas or innovations available from other areas of CSC or beyond much less likely.

The recommendation from this ONA study was to arrange additional coverage and succession planning for the critical staff. A 'quick win' was to organize cover for one of the critical boundary spanners who was about to go on extended leave. The analysis was able to identify the specific relationships that she maintained, and to suggest which other individuals were best placed to cover her relationships while she was on leave.