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B2B Success Secrets, Part VII

Business-to-business (B2B) success depends on creating, maintaining, and possibly automating relationships. These relationships are best treated as somewhat abstract in character. The specific participants are not nearly as important as relationship integrity and quality. In fact, if you want to be successful, you should focus on ways to preserve the value proposition of a B2B relationship even when the participants change. Don't ignore your partner's needs in a B2B relationship, but try hard to make the relationship valuable to every potential participant. We've discussed ways to preserve B2B; now let's peek at some keys to successful B2B relationship creation.

Unsuccessful B2B relationships are terrible drains on resources and reputations, becoming potent vaccines against future success — a vaccine you really don't want! If you've had this bad experience, treat it like a corporate case of post-traumatic stress. Get therapy from a good consultant and talk publicly. Never establish a B2B relationship just because you can. Instead, seek relationships that can be channels of strategic value and tactical advantage, with reasonable risk and based on ways the relationships will extend your period of competitive advantage.

B2B relationships are not the participants; participants are merely relationship implementers, for better or worse. Just because your business engages in tactical operations with other businesses doesn't mean you've established a viable B2B relationship. These are merely ongoing interactions until you've defined the nature of the relationship, the processes by which it delivers sustainable value, and the events that will signal the need to modify its operational conditions.

To create and evaluate a successful B2B relationship, do a kind of cost/benefit analysis. Be brutally honest in evaluating the strategic value and implications of the relationship and in evaluating yourself as a potential participant in that relationship. Answer these questions:

- What are the business objectives that the B2B relationship is intended to meet?
- What is the strategic value of achieving those objectives?
- Since every change to a business involves risks — financial risks, security risks, and so on — have you identified those risks and how they might materialize?

You should understand the value and risk associated with the processes the relationship affects. A well-implemented relationship stabilizes value-generating processes and mitigates the impact of risk-creating processes.

Early versions of the B2B process should be highly standardized and coarse-grained; they can be customized and refined as a history of success emerges. Build your first B2B relationships from existing B2B interactions and partnerships. Those businesses have probably never analyzed the interactions with the intent of designing long-term, profitable B2B processes. (Yes, profitable!) The result is that these interactions are driven by tactical needs, are inherently fragile, and often fail to deliver. When evaluated in terms of cost vs. benefit, they can be hard to justify and may be maintained as a necessary operational evil. By actively redesigning these interactions into a strategically managed B2B relationship, participants can extend their existing business processes into win-win B2B processes while carefully mitigating many risks. This approach builds in loyalty, permitting each business to view other participants as low-cost resources it can use in achieving its goals.

The B2B relationship must be seen as an independent, dynamic entity with which businesses want to engage because it brings leverage and agility, not just because certain supplies or indirect distribution channels are needed. Well-designed B2B relationships have greatly reduced inter-business process and data impedance mismatch and yielded tremendous increases in interaction velocity. Decreasing latencies is only temporary; processes always revert to their impedance-limited velocities. Such B2B relationships are a set of adaptable interfaces each business establishes to its own advantage via a collaboration contract, thus defining the value basis of each interaction. Clearly, this contract cannot be defined unless the business knows and understands its own business processes, data, costs, and objectives. Furthermore, the adaptability for multiple businesses is lost if the contracts are coercive or owned by one of the participants. By making the extended process (as seen by each participant) subject to audit, with published requirements, verifiable benefits, and automated compliance, each participant maintains strategic control of its participation.

Next month, we'll wrap up this series with some ideas for using Web services effectively. Meanwhile, give your B2B efforts the benefit of some strategic analysis. See if you can identify 10 ways your B2B relationships can have better process and data independence from other participants and think about how this will affect your enterprise's integrity. eAI

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