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Operator/vendor partnerships are crucial



By Jason Cheskes
Above the Line Solutions

Since the December holidays there has been a dramatic change in business confidence levels across the hospitality industry. Even some of the largest national iconic organizations have made cuts to manage through leaner times. With resources being trimmed, it is more difficult to effectively manage some aspects of business; ironically the same elements that become even more important during challenging times. How organizations manage their relationships with others to help both succeed as partners may never have been as relevant to the industry as it is now.

Doing business with others, versus being in partnership

Whether operator or vendor, ask yourself; "Have we considered what conditions would improve our business with Company?" Unfortunately, with additional financial pressures, relationships have a higher potential to become disjointed. Organizations miss analyzing potential gains from a strengthened approach with those whom they

do business.

The word partnership itself gets thrown around so often, and in so many contexts, that it is poorly suited to define most business relationship frameworks. As one definition reads, "Partnership is a relationship of two or more entities conducting business for mutual benefit". There is a big difference between doing business with someone and being in partnership with them, and the financial and value outcomes are different too. This schism often begins when parties are working towards finalizing or renewing agreements and launching programs. People use "partnership" as a marketing banner without thought. In absence of open, candid examinations to mutually identifying needs and potential barriers to success, a true partnership is unachievable. Frequently, agreements are handled as negotiations towards self-centric gains and a need to just "get it done".

Negotiation is too often considered a process of competition where each party positions themselves in self-interest without examining the most important aspect. As Ronald Shapiro points out in his book "The Power of Nice," you must consider "what you (really) want" and "what they (really) want."

Examining how both parties can achieve greater benefit is the true secret to success.

Investing the time and effort to understand what each organization's different affected groups would really want to get out of the relationship, and how each could achieve more is an element that is too often missing. Additional shortfalls arise between potential and actual outcomes, as the process may have left very specific beliefs and expectations unstated and undefined at the outset.

Profiting from partnerships

How do you get the most out of relationships with other parties and form real partnerships?

The first step is to ensure there is a strong level of trust and mutual understanding as well as open communication on scope considerations and different ways of approaching things. "Winning" a negotiation now can mean actually giving up much down the road. It is also critical to ensure specific expectations are clear and potential challenges are anticipated, and that resolutions are pre-planned and well defined. While ideally these considerations are worked out in advance, it often isn't until later, that organizations understand each other well enough to identify where improvements are possible. The paradox is that by then, other competing priorities and time constraints arise and the partnership is defined by its result, rather than as an ongoing opportunity for development.

Relationships as marriages

The dynamics of these relationships is analogous to a marriage; that is that unless the relationship is causing grief or frustration, it can often just move along as it is, without the right priority or focus on achieving betterment.

A project I became involved with recently began as the parties realized that the

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financial benefit of the arrangement was significantly lower than the expectations that both held initially—the very expectations that had brought them together in the first place. After having open discussions with each party separately, the reasons became clear; despite their original exciting courting period, their “marriage” was dysfunctional and neither was aware that both were thinking of a “divorce”. Separately they agreed on the factors that were not working, but they had never expressed such candidly or directly to each other, nor had they considered new approaches that could correct this. By revisiting this relationship with a facilitator, the potential elements for a strong lasting partnership have emerged.

Set and manage expectations

I would advocate that organizations give focused consideration to the state of their partnerships and consider what elements are working well, and which could be improved upon especially for greater financial benefit.

These items often have a specific dollar value potential. Consider for example an agreement based on the concept of full participation, which in practice is actually below this level. By defining what it would be worth in real dollars if remedied, and how the outcome could be made to benefit the other party if they were to work to get this accomplished, the opportunity is increased for all.

One should never hesitate to ask other parties where they see opportunities for you to improve. Both partners play a part in the outcome of any potential-versus-actual equation. The key is being proactive. Investing in examining all aspects of business relationships with an eye towards betterment will result in gains for all. Don't wait until a renewal, contract expiry or other timeline is on the horizon; invest in your relationships regularly and turn them into partnerships.

Jason Cheskes is president of Above The Line Solutions, which serves to examine client partnership opportunities and implement mutual financial gains. With over 24 years industry experience, he has been both a vendor and an operator. Most recently, he was director of corporate accounts for Ecolab Canada, as well as president-Greater Toronto Region, of the Ontario Restaurant Hotel and Motel Association – ORHMA. For further information, Jason can be contacted at info@abovethelinesolutions.com or www.abovethelinesolutions.com.

