



## Relational Proximity® framework

# Assessing the quality and strength of business relationships





#### The business issue

The world is looking to business to create a new model of Responsible Capitalism where the needs of a wider base of stakeholders are met sustainably both now and in the future. This requires a deeper understanding of the needs of a wider base of stakeholders, which can only be achieved when there is effective communication and alignment of goals between the parties. A business that does not communicate well with its stakeholders will struggle to meet their needs. To complicate matters further, we find that there is often a different perception of the strength of a relationship depending on which side is being asked to comment.

## What is Relational Proximity®?

We define it as a measure of the distance in the relationship between two people, groups or organisations. It determines how well each can understand the intentions and performance of the other.

Relational Proximity<sup>®</sup> is a pre-requisite for identifying opportunities for taking greater responsibility – the more remote decision makers are from other stakeholders, the less they feel responsible for them. Through greater proximity, groups can understand and interact with each other more effectively.

The Relational Proximity® model provides those in a relationship (which is everyone) with the language to measure, explore and understand the 20 different drivers that can impact the effectiveness of that relationship.

Many models of the roles people play in teams exist but few address the effectiveness of the relationships between the human beings who fulfil those roles.

Effectiveness of relationship is not the same as satisfaction with relationship. Nor is a satisfactory relationship always optimal.



Everybody wants to have "good relationships"; they just don't always want the same outcomes from their relationship as the other party.

By not understanding the expectations and goals of the other party, we consistently fail to accurately evaluate the quality of our relationships.

## How we can work with you

KPMG and Relationships Global (RG) have brought their skills together to help our clients understand, measure and optimise their critical business relationships. Born out of 20 years of research by the Relationships Foundation, RG has developed a methodology for assessing the quality and strength of a business' stakeholder relationships. We expect the methodology to transform the way companies engage in stakeholder relationships.

Relational Proximity<sup>®</sup> can be analysed across five drivers which characterise all relationships whether between organisations or individuals. These five drivers are shown in more detail below and it is this tool and these drivers that KPMG and RG use to analyse clients relationships and then work with them in partnership to optimise future performance.

Domains of relationship

Relational Proximity® drivers

**Business impact** 

Communication

**Directness:** Increasing presence by reducing mediation or filtering

Quality and style of communication, including the balance between face-to-face and indirect contact, are crucial to knowing what your stakeholders are really thinking.

Story

Continuity: Managing the gaps between interactions

Building confidence between the company and its stakeholder depends critically on developing long-term relationships with a strong sense of momentum.

Knowledge

Multiplexity: Improving the breadth and quality of information

Breadth of knowledge of the other party in terms of skills, roles and background is critical to avoid misunderstandings and to realise a relationship's full potential.

Power

Parity: The fair use of power

For open communication and full engagement it is essential that both parties believe they have influence in decisions, and that benefits and risks are shared fairly between them.

**Purpose** 

Commonality: Building shared purpose

Commitment and trust depend on both parties sharing goals, objectives and values, recognising the potential additional value when they come from different cultural or professional starting points.

### Credentials

The Relational Proximity® framework has been used successfully within and between a range of organisations in both the public and private sectors. The collaboration between Relationships Global and KPMG allows the approach to be taken further into the commercial world. References can be provided on request.

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