

Partners

Few businesses can manage successfully without business partners.

Partners help a company do everything your company can't do alone: They ship your packages, clean your office, market your products, file your taxes, and so on.

Partners must be given the same respect that a company extends to its employees. Too often we try to squeeze value out of them: Distributors get commissions slashed without notice, accountants are fired for no stated reason, suppliers are expected to be subservient to customers' whims.

In almost every industry, there are too many suppliers with too few buyers, a lack of balance that gives power to the buyer. With this power comes a sense of entitlement that suppliers should do whatever the customer wishes, allowing buyers to feel they can dictate absolute terms.

This strategy will backfire during the Responsibility Revolution. The way a company treats its business partners is a key driver of its social reputation, according to the Golin-Harris 2006 research. Get it wrong and your company's reputation will suffer: In the view of the business community and the public, a company's treatment of its partners is an undeniable test of its ethics.

When you improve your relations with your partners, you boost your brand and upgrade the reputation of your business operations. This fact is one of the secrets to membership-based discount retailer Costco's success. CEO Jim Sinegal, who founded the company in 1993, has built a culture committed to delivering customers low prices and showing all partners dignity and respect.

While working at Yahoo!, I asked Sinegal about Costco's vendor policies and supplier codes. He quickly corrected me: "We call them partners. We rely on them to stock our shelves, delight our shoppers, and help us run our business."

Costco's investment in partner relations has convinced exclusive electronics brands such as Sony, which normally doesn't sell its products in a warehouse setting, to do so, giving shoppers an opportunity to save money on items never before available in a discount environment. This practice also helps explain why Costco outsells Sam's Club (a discounter owned by Wal-Mart) despite the fact that it has two hundred fewer stores. According to *Fortune* magazine, the company is one of the most admired in America, with employee and supplier relations contributing heavily to its ranking.

When companies invest in supplier relationships, quality and selection improve, which in turn affects the customer experience positively. Daniel Barry, an analyst with Merrill Lynch, told *Fortune*, "Costco is relentless in its mission to have a treasure-hunt feel, to create a place that's exciting to shop."

*This is an excerpt from **Saving The World At Work** by Tim Sanders - find out more about the book or join the network at www.SavingTheWorld.net*