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Reconsidering Your Most Valuable Asset

Leveraging & Building Relationships Is Integral to Your Business' Success

IN THE 19TH CENTURY, IF YOU HAD ASKED any company what their most valuable asset (MVA) was, the answer would have been pretty consistent: “Our equipment.” Why not? Through the first half of the 20th century, owners had more invested in their machinery than any other asset, including their people.

By the latter half of the 20th century, business dynamics had shifted. As salaries overtook equipment costs and the employees' role changed from operator to enabler, people became the most valuable asset. Today, according to strategic business communications firm VP Legacies, “The skillset of employees accounts for 85 percent of a company's assets.” The corporate mantra, “Our people are our most valuable asset,” has become so pervasive that few would dispute it.

Count me among the few.

Don't get me wrong, a business' employees are absolutely critical to the success of the company—assuming they are motivated and actively engaged. In most cases, they're not. A 2017 Gallup Poll showed that only 33 percent of United States workers are engaged in their jobs. Statistics also indicate that 81

percent of employees would consider leaving their job for the right offer, even if they weren't looking for a job at the moment.

While employers claim that their people are their greatest asset, most employees don't see it that way. That's because people aren't a company's most valuable asset—*relationships are*.

Relationships Drive Every Aspect of Business

One could argue that the essence of business is building relationships—with employees, suppliers, customers, and service providers. Every interaction is a relationship that directly or indirectly affects the bottom line, however you measure or define it. The quality of your relationships, or lack thereof, manifests itself on your balance sheet.



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Internally, the bonds among employees and between management and employees impact everything from productivity and quality to worker turnover and retraining costs. Externally, strong and positive relationships with suppliers, customers, and third-party partners like bankers and insurance professionals go a long way to determining contract terms, customer loyalty, and overall profitability.

Lessons Learned from COVID-19

For proof of just how valuable relationships are, look no further than the COVID-19 pandemic. As owners scrambled to figure out how to survive during lockdowns and quarantine, temporary closures, and employee furloughs, some fared far better than others. Consider:

Who Received Funding?

The rollout of the CARES Act was handled poorly. With little centralized management, it was up to banks to advocate for their clients and push the PPP (*Paycheck Protection Program*) applications through. Companies with the strongest relationships with their banks stood the best chance of getting funded early in the process. The same is true of businesses looking for bridge loans from their lenders. If you had a good working relationship with the lender, you were in a much better position than someone walking in off the street.

Whose Employees Are Returning?

A March 24, 2020, survey by the Asheville Chamber of Commerce estimated that more than 57 percent of area businesses had either closed or furloughed their workers. Now that businesses are beginning to re-open, those workers are deciding whether to return to their job, if it's still available. The relationship with their employer

plays a major role in that decision. Companies who can hold on to their workers obviously have a better shot of ramping up faster and with less expense.

Who Was Able to Modify Supplier Contracts and Retain Customers?

The same dynamics are in play here; the stronger your relationships, the more likely your suppliers and customers will stick by you.

**IT ALL STARTS WITH
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JUST WHAT YOUR
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THEY NEED.**

Relationships Must Deliver Value in Both Directions

To be sure, not all relationships are equal; those that pay dividends are always two-sided and mutually beneficial. That means you need to give as much as you get and listen as much as you speak. It all starts with taking the time to understand not just what your employee, supplier, or customer is saying, but what they *need*.

If all this sounds like it should be coming from a chief marketing officer rather than a CFO, it's because of a false narrative that assumes business value and personal value are diametrically opposed. As illustrated by the infographic on the next page, nothing could be further from the truth; the two are very closely linked.

So how do you create and cultivate mutually beneficial relationships that can help you (and those with whom you partner) in good times and bad?



How will we rise?

We can only rise together.

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WAKE, Mel Chin, on view in Asheville thru 9/7.
Photo by Michael Oppenheim.

How Emotions Influence B2B Buying

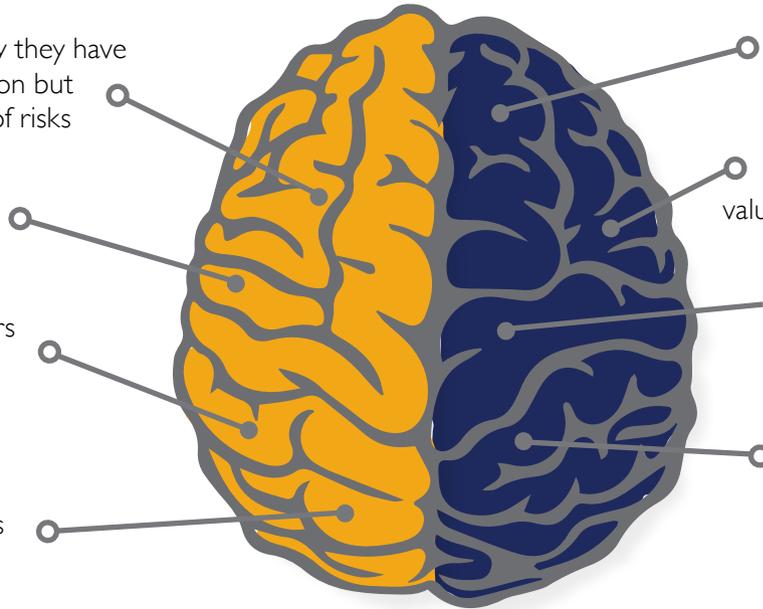
BUSINESS VALUE VS **PERSONAL VALUE**

48% of B2B customers say they have wanted to buy a new solution but haven't spoken up for fear of risks

74% of B2B buyers see a business' value

But just 14% of B2B buyers perceive a real difference in B2B supplier offerings

Only 31% of prospective customers think B2B brands provide a personal value



Personal value has **2x** as much impact as business values

68% of buyers who see a personal value will pay a higher price for a service

Only **8.5%** of buyers who see no personal value will pay a higher price for a service

71% of buyers who see personal value will purchase a product

IN B2B BUYING EMOTIONS MATTER EVEN MORE THAN LOGIC AND REASON.

info source: plan2brand.com/wp-content/uploads/2015/07/CEB_Promotion_to_Emotion_whitepaper.pdf
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Here are three solid suggestions:

1. Know Your Vision—and Theirs.

As suggested by the infographic mentioned before, we tend to do business with people we like and trust. The strongest relationships are with those who share your vision and realize that you support theirs.

2. Communicate Honestly and Regularly.

Communication is a two-way street; sending a holiday gift package once a year won't cut it. Create a communications plan and carve out time to reach out to suppliers, key customers, and other partners on a regular basis. Don't just talk about what you want, discuss what they need.

3. Don't Tell... Do.

When you revise your business plan or financial projections, keep your banker and insurance agent in the loop. Be aware enough to recognize when an employee is showing signs of stress and ask how you can help. To be aware is to be human.

The Intersection of Personal and Practical

Ironically, as organizations increase their use of technology—process automation, digital communications, online services, etcetera—the desire (and need) to create more meaningful connections also increase. Marketing departments now look well beyond the sales transaction and focus on intangibles like the “customer journey” and “customer lifecycle.” In manufacturing quality control is now viewed within the larger metric of the customer’s “quality of experience.” Across the C-Suite leadership is dialed in to employee engagement and sense of fulfillment. Business is becoming more human.

While some dismiss the shift to a more personalized approach as too “touchy feely,” they do so at the risk of serious financial damage. As mentioned before, a company’s relationships dictate its financial future. This is where the role of the CFO is pivotal. Yes, every leadership position must consider the implications of the relationships they build, internally and externally. But it’s the CFO who must deal with the financial fallout when those partnerships are not properly cultivated and managed.

Socially, we are living at a time when the need to acknowledge one’s value as a person has never been more acute. It is only natural that that expectation would carry over into business. Whether at work or at home, we are social creatures; may our business and friendships reflect that. ©

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