

Relationships Are Risky



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Relationships are fraught with risk. Whether you're consoling a friend coping with heartbreak, or commiserating with a nonprofit colleague who has recently fired a supplier, you might hear: "If I had only known..." or "If I could do it again I would..." Few personal or business relationships work exactly the way we hope and expect they will.

We all bring somewhat unique histories and expectations to our business and personal relationships. When we've been singed before, we come prepared with flame retardant hearts or contracts. But in too many cases, instead of applying the tough lessons learned from a failed relationship, we repeat the same patterns. We fail to disclose specific expectations. We assume our partner is a mind reader who somehow just "knows" what we want. We hold back instead of expressing dissatisfaction, choosing "wing and a prayer" risk management over timely and candid feedback.

We recently had an experience with a vendor that has caused us to rethink how we manage risk in business relationships. This supplier acknowledged our inflexible deadlines and assured us that meeting them was "no problem." Looking back, it seems that our supplier's expectations were a bit different from our own. When we explained that missing the interim deadlines caused a great deal of stress on our team, she told us that since "everything worked out in the end," we should be highly satisfied with her performance.

In the final analysis, the two most likely stressors in marital relationships—lack of communications and disagreements about finance—were the causes of our recent business relationship stress. When our supplier told us we would receive drafts by "close of business" today, we took her at her word, and stayed late awaiting the promised deliverable. When she told us that the project would cost \$1,500, we were offended when the final bill was \$2,000.

Rather than blame the failed relationship on the personalities of the players (a common mistake in failure analysis), we've decided to reverse engineer the sticking points and create a better plan moving forward. Before we contract with a future supplier, we will insist on answers to the following questions:

- How often will we need to communicate to ensure we're both on the same page – several times per day, daily, weekly, monthly?
- How quickly do we each expect or require a response? And what form of communication does each party prefer (text message, email, phone call)?
- What exactly will be delivered on the deadlines agreed to by both parties?

- What is the appropriate recourse when the tick points are not met? How will the wrong be righted? Will the fee be discounted to reflect the inconvenience of late deliverables?

Whether you're getting ready to walk down the aisle or purchase products or services from a trusted supplier, remember the need to anticipate trouble as well as bliss. Reflect on what you will do to get back on track when things don't go as hoped, to avoid the need to call the whole thing off.

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She welcomes your ideas about any risk management topic, suggestions for best-in-class risk management, and questions about the Center's resources at Melanie@nonprofitrisk.org or 703.777.3504. The Center provides risk management tools and resources at [www.https://nonprofitrisk.org/](https://nonprofitrisk.org/) and offers [consulting assistance](#) to organizations unwilling to leave their missions to chance.

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