

Grayway

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RECOGNIZING THE POWER OF RELATIONSHIPS

A good business relationship should be like any good personal relationship. It should include respect and honesty, integrity and loyalty, consistency and fairness.

A good business relationship has the potential to be all of that and more. After all, the business relationship is all about shared goals. When people from different organizations labor together to solve problems and to complete projects, there is often a natural bond that develops. Good organizations cherish these bonds and appreciate business friendships.

One of our Japanese customers summed it up this way, "The customer is not a king — the customer is a friend!"

But is there an erosion of this kind of thinking in business today? Consider Tyco, Enron, Worldcom and other corporate newsmakers. Have greed and gain supplanted the importance of building lifelong relationships with customers, suppliers and co-workers? Is there no longer any room for genuine personal concern?

A MATTER OF FOCUS

There are signs that many organizations have become too self-focused. Many business leaders are desperate for high profits and rising stock values, platinum parachutes, obscene salaries and extravagant bonuses. In their organizations, the priority of short-term gains have blinded boards of directors to the real value of building long-term business relationships. Technological advances have done their part, as well, in hastening the demise of personal contact.

What remains to be seen is what effect these companies will have on the industries in which they reside. Will entire industries have to adapt to survive, and will caring organizations prevail over time?

SIGNS OF HOPE

Fortunately, in spite of the headline-grabbing evidence to the contrary, it is our belief that most companies still hold to the proven values derived from building long-term relationships. Successful businesses are still treating customers, team members, shareholders and suppliers honestly and fairly. We find ourselves agreeing with Bill Moran, long time manager of real estate for the Kroger company. He once summed up his approach to business relationships this way:

"Whatever is fair."



GRAY'S RELATIONSHIPS... OUR CUSTOMERS COMMENT.

"I have enjoyed working with the Gray project team and hope to use your company again in the future."

Dave Mashburn
VP & CFO,
ArvinMeritor Sejong

"We appreciate Gray's continuing efforts in making Harman/Becker a very satisfied customer."

Thomas Carr
Senior Facilities Engineer
Harman/Becker
Automotive Systems, Inc.

"R & L is extremely proud of the terminal and looks forward to a continuing relationship with James N. Gray."

Rick Duken
Vice President of
Maintenance,
R.L.R. Investments, LLC

INVESTING IN RELATIONSHIPS

Achieving fairness starts with good relationship-building. Laying the foundation of a relationship is an investment in the future. Are the Gray companies making these investments? Is there any evidence that relationships are becoming less important to us?

To find out how the Gray companies view the importance of business relationships today, we asked four of our key leaders to share their perspectives. We sat down with Jim Gray (James N.



Gray Company), Bob Moore (I.C.E. Builders), Alan Nager (Operations Associates) and Steve Renshaw (WS Construction). *Shown left to right.*

How important are good business relationships to your company?

Jim: Relationships are everything at Gray. Our father built the business by treating people fairly and honestly. He was known for his integrity. It's up to us to keep that candle burning. Bottom line, good relationships give us the chance to know our customers better and serve them more effectively.

Bob: Good relationships with people and good performance create a beneficial dependency with our key stakeholders. This "people glue" continually solidifies our future opportunities and is at the core of our success.

Alan: The vast majority of OA's work is repeat business. Since we don't know when it will repeat, we treat our existing customers like gold. We do everything possible to deliver value and build lifetime relationships. We consider it vital to maintain contact with our customers, even when we are not under contract with them.

Steve: WS has been built on doing repeat business and growing our company in a relatively small geographical area in Kentucky. Our future depends on good relations with everyone we meet. Word-of-mouth is a powerful influence in business and we cannot afford to have anything but positive comments made when our name comes up.

Are business relationships getting more impersonal and if so, why?

Jim: We are all trying to do more with less. Costs are constantly under scrutiny and profit is more elusive as competition heats up. Even though we know how important it is to build relationships, we may use technology in place of personal contact — sometimes to the detriment of the relationship. That's a bad move!

Bob: The use of internet bidding auctions has tended to depersonalize customer relationships. But construction services are not commodities — and I don't believe they ever will be. To help customers meet their goals, it takes people interacting in close relationships to achieve faster, better and cheaper projects.

Alan: People are very busy these days. We are increasing productivity at unprecedented rates due in part to better tools and technology. Our customers prefer e-mail in most cases, but personal visits are always welcome — and needed to build and keep relationships. It's a balance between efficiency and good sense.

Steve: I agree, but we have to look at the constant need to improve productivity and profits that could result in shortcuts in the name of efficiency. "Doing more with less" is a mantra that can hurt relationships.

How do you develop and maintain good business relationships in your company?

Jim: It's the golden rule, 24/7. We preach it and we live it. Our customers, subcontractors, employees and even the communities where we live and work know that's what Gray stands for. "Treat people like you would like to be treated" is no secret formula, but it is surprising how rarely you see it employed in our industry.

Bob: I think we develop and maintain them by living our values, executing our plans and making sure everyone on our team remembers that ultimately our paychecks come from our customers.

Alan: The days of signing work on the golf course are over. Personal relationships are very important but they need to be built in the context of performing excellent work, providing value and responding quickly and flexibly. The best relationships get built during the heat of battle!

Steve: Right, and the Rule applies to all our relationships — customers, subcontractors, employees and communities where we work.

We know that a good relationship may take years to develop and yet it can be lost in an instant. What do you do when a relationship sours?

Jim: Wow, we have learned this lesson a few times! First, you have to react quickly and positively when it happens. The worst thing that occurs is when problems get swept under the rug — they fester in the dark. With customers, we try and remember the two rules of customer care: 1. The customer is always right and 2. If the customer is wrong see rule #1! It never pays to burn bridges by proving someone is wrong.

Bob: When a relationship sours, we must do everything we can to make sure we have lived up to our part of the bargain. If we have, more than likely the relationship needed to change based on a lack of mutual benefit. However, when a relationship is threatened by our inability to live up to the bargain, we quickly make any needed changes internally to meet the customer's expectations.

Alan: I think you should do everything in your power to make sure it doesn't happen! We've measured customer satisfaction since the founding of OA and over 97% of the time we meet or exceed customer expectations. Changes in leadership, markets, sales, etc., can affect the customer-consultant relationship. When this happens, we are open and honest with our differences on the direction the customer is taking and we try to refocus on how to best serve our customer.

Steve: If we hear even a hint of a problem with a customer relationship, all our folks know to take action quickly towards resolving the situation. I am always informed immediately and treat these issues as my number one priority. It is much more economical and sensible to "keep" a customer than to go find a new one!

What are the major threats to developing and maintaining good relationships?

Jim: Poor communication and invisibility. We are as electronic as anyone, but we still have a real person answering the phone — and we are committed to helping any caller get the assistance they need. We think it's important to see people face to face — even if it means a trip to Japan or anywhere else. We always exceed our travel budget! Our folks know that we have to be on the jobsite on every project. Plus, we participate in civic affairs, associations and events of all kinds. We strive to be visible. The "secret," if there is one — get to know people personally and treat them with kindness and respect.

Bob: The major threat to good relationships is to become overly dependent on a small number of customers or vendors. If the customer sneezes, we catch cold!

Alan: The primary threat is losing the value proposition. For example, we hire only seasoned professionals with both industry and consulting experience. This way, we hit the ground running and can usually bring results and corresponding value much faster than our competition. The relationship between consultant and customer has to be built on more than cost for service. Achieving the customer's goals effectively and efficiently is paramount to maintaining these vital relationships.

Steve: Trying to do too much, too fast. You just have to take the time to get to know people and appreciate them. When we lose the personal touch, we lose relationships.

SUMMING UP ...

So there you have it — relationships count! In every corner of the Gray companies, the Gray way is to build a foundation of trust and integrity, based on open, honest relationships. Face-to-face interaction is still important.

Have you been drifting away from really knowing your customers personally? Are you spending less and less time with suppliers? How well do you know your employees?

E-mail is not an effective substitute for the personal touch. When you are focused on cutting costs and maximizing profit, don't forget that the people you interact with are watching to see if they are important to you as well.

Howard Gray, who never lets us forget the importance of personal relationships in our business, often reminds us: "People talk with people."

The Gray companies are committed to creating unforgettable customer experiences — and never losing sight of the power of long term business relationships.

GRAY'S RELATIONSHIPS... OUR CUSTOMERS COMMENT. *Continued*

"We look forward to future business opportunities with James N. Gray Company. Congratulations on a great project."

Gary Smith
Project Manager
ConAgra Frozen Foods

"We also thank you for the working relationship which developed on site which helped ... our architect and ... warehouse manager for IKEA complete a difficult task."

George Ferrara
Construction Project Manager
IKEA

"It's one of the many projects R.R. Donnelley has completed with Gray. Our company finds that Gray Construction is an organization that can be counted on for delivering a quality job at reasonable cost with aggressive schedules."

Van Greene
R.R. Donnelley

"There is only one valid purpose for any business: to create and satisfy a customer."

Peter Drucker

NEWS FROM THE GRAY COMPANIES

I.C.E. Builders reports that the wettest California winter in more than 20 years has given them the chance to show what they can do when challenged. One of their premium customers, the City of Victorville, has heaped accolades on ICEB for managing 35 subs and suppliers to the on-time completion of the El Evado Fire Station. This is ICEB's fifth project for Victorville over the past 16 months — with more to come.

James N. Gray Company ranked among the Top 20 Best Places to Work in Kentucky! The State of Kentucky has over 17,000 companies employing 25 or more associates that were eligible to receive this honor. The program is designed to recognize and honor those companies that place a high premium on the well-being of their employees. Dave Adkisson, CEO of the Kentucky Chamber of Commerce, noted that, "Being named a Best Places to Work in Kentucky winner equates to being one of Kentucky's best and brightest companies." Congratulations are also in order for Gray customers also recognized as "Best": UPS (6th), Ambrake (13th) and Berea College (12th).

Operations Associates has joined forces with James N. Gray to form a design team to develop a high-efficiency distribution center for a beverage industry customer. The OA/Gray team developed a facility master plan from the inside out. Inventory levels, product flows, current staffing, productivity metrics, office requirements and site plans were quickly formulated using the unique talents of each team member. Results included a column grid design that maximized storage space, product flow and advanced picking technologies that were designed for future expansion and safe and efficient traffic flows for people and materials. By using the proven skills of each company, total time for planning and design were reduced, rework was eliminated, costs were contained within the original budget and operational improvements reduced future distribution costs by 30% — creating an exceptional return for this customer's investment!



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