

**PART**

**A Road Map for Building Trusted  
Client Partnerships**

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# 1

## Reaching Level 6: Trusted Client Partner

This book describes the 10 essential strategies that are required to build long-term, institutional client relationships—what I call *trusted client partnerships*. These partnerships are broad and deep, and they are characterized by many-to-many relationships at multiple levels. They usually endure for years. They account for a small percentage of most firms' client relationships, but they contribute a disproportionately large share of their growth, profits, and intellectual capital. They can be hugely beneficial to clients, and often result in greater value, lower risk, and faster execution. You need them in good times, but even more so in tough times. The 10 strategies that I introduce in the coming chapters are largely the result of an extensive study I have conducted of large, institutional client relationships; they also reflect my personal experiences in building senior executive relationships during my 28-year career in management consulting.

What exactly *is* a trusted client partnership? Let's define this term by first examining two striking but typical examples.

## Citigroup and Royal Dutch Shell

Less than 10 years ago, the idea of having Royal Dutch Shell as a major client was little more than a gleam in the eyes of the top executives of Citigroup's Global Corporate Bank. Today, Shell is one of Citigroup's largest worldwide clients. Citigroup has built a network of relationships with dozens of Shell executives around the world and is a major partner in helping Shell to achieve its strategic objectives. The way in which this happened is a practical illustration of the power of the *All for One* strategies and philosophy set out in this book.

In the beginning, two Citigroup investment bankers had some contacts in Shell's mergers and acquisitions department. Rather than going it alone, they brought in the then-chairman of Citigroup Europe, Sir Win Bischoff, as a senior advisor to the team. Sir Win did not simply push aggressively to be included in an upcoming transaction, as bankers sometimes do, but rather offered to conduct a complete analysis—at no charge—of Shell's upstream (refining and distribution) business. Working with a division head who would later become the Shell CEO, the Citigroup team spent three months looking at the future of the business. The ideas that emerged from this work, combined with the trust that developed, eventually earned Citigroup the right to participate in three major Shell deals.

Some top executives were replaced the following year; and it turned out that two of the newcomers had worked for other Citigroup clients. The Citigroup team worked hard to successfully transfer those relationships. The new CEO, however, had no relationship with Citigroup. Sir Win called on his extended network and asked a former finance minister to introduce him to the new CEO and to give Citigroup advice on how to build the relationship. Shortly afterward, Citigroup was one of nine banks invited to bid on a major restructuring assignment. The Citigroup team members invested heavily in preparing their proposal. They even took the unusual approach of interviewing Shell's auditors and lawyers in an attempt to understand every aspect of the restructuring challenge. Through the quality of their proposal and their intimate knowledge of Shell's business, they won the mandate. Shell not only picked them for the assignment, but they also insisted on paying them for the planning work because they wanted it to be

a fair deal and hoped to secure Citigroup's full commitment to the program.

The relationship expanded over time, and Citigroup began doing brokerage, trading, and cash management for Shell. It would be one-sided to say that the relationship has always been a bed of roses—in fact, there have been ups and downs, as there invariably are between a major investment bank and a large corporate client. There have been times, for example, when each side had to say no to a request by the other party. Equally, there have been moments when deposits of trust were made—such as when Citigroup helped Shell out by liquidating a particular bond position.

Citigroup employed a number of *All for One* strategies in fostering the Shell relationship. Some were explicit—for example, carefully leveraging firm-wide networks, coordinating between product units, putting a senior advisor on the team, and investing heavily to build intimate client knowledge. Others, however, were more hidden in the fabric of the institution, and included things like a sophisticated, multilevel relationship management structure and a performance evaluation system that balances achieving short-term financial goals with commitment to cultural values such as collaboration and client focus.

Successful long-term relationships are based on a combination of the individual and the company. In order for there to be continuity, you really must have a relationship at the firm level. This is why having the right culture is essential. It's where teamwork comes in, it's about how people are measured and evaluated, and even about how information flows—these things are extremely important. The individual actually delivers the relationship, but the firm backs it up. If the culture doesn't support the individual's efforts, then it will fail.

—Sir Win Bischoff,  
Chairman, Citigroup

## Booz Allen Hamilton and the U.S. Navy

A second example of an extraordinary trusted client partnership is Booz Allen Hamilton's relationship with the U.S. Navy. Talk about a "client for life"—the U.S. Navy has used this consulting firm for nearly *70 years*, a period of time equal to about three professional

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lifetimes. In 1940—as the Axis powers tightened their grip on Europe and Asia—the U.S. Navy found itself grossly underequipped, with no permanent headquarters and less than half the ships it needed to conduct the war. The two founders of Booz Allen Hamilton—Ed Booz and Jim Allen—personally took on the assignment to help the Navy expand and modernize. They assisted the Navy to create a more effective management structure and cut red tape, and then worked side by side with Navy personnel to implement a series of recommendations designed to speed up decision making and accelerate manufacturing processes. Good work is always the foundation of a trusted client partnership; and indeed, Secretary of the Navy Frank Knox—who had hired Booz Allen Hamilton—was later quoted by *Fortune* magazine as saying that in using the firm, he had never spent the government’s money more effectively. Since that initial engagement, Booz Allen Hamilton has worked with the U.S. Navy on a continuous series of projects, helping it confront an array of strategic, operational, and technology issues through the Cold War and beyond. The firm helped the Navy launch the Polaris missile program in the 1950s, and develop shipboard communications and computer technologies in the 1970s. Today, a dedicated group of partners lead Booz Allen Hamilton’s work with the Navy across multiple locations around the world.

Like Citigroup’s Corporate Bank, Booz Allen Hamilton employs a variety of organizational practices, processes, and systems that enable it to develop, grow, and sustain trusted partnerships with its clients. These include an ability to work with and support—rather than disdain—the procurement managers who evaluate new proposals; an authentic talent for aligning with their client’s agenda (“your mission is our mission” is a commonly used phrase at the firm); a set of well-developed best practices for institutionalizing and building many-to-many relationships with the client’s organization; a skilled cadre of project managers (principals) and client service officers (vice presidents) who are empowered to lead major engagements; and rigorous quality control processes.

Booz Allen Hamilton’s relationship with the Navy is the rule for them, not the exception. Over the past decade, the firm’s now \$3 billion public sector consulting business has grown at the remarkable pace of 20 percent per year. Its success cannot simply be ascribed

to a rapidly growing market for government contracts. In fact, it faces intense—even brutal—competition. For some bids (and over 80 percent of Booz Allen Hamilton’s government work is won through formal, competitive procurement processes) there can be 10 or even 20 large competitors such as Boeing, IBM, Accenture, and other behemoths, who have nonetheless been unable to achieve Booz Allen’s growth rates.

What’s their secret—besides a highly structured approach to building and managing large-scale relationships? One of Booz Allen Hamilton’s senior vice presidents described to me his view of their competitive advantage:

*It’s very simple: Collaboration is built into our DNA, and so we always compete as one team. When a large opportunity presents itself, we discuss it as a partner group. We decide together whether or not to commit the resources needed to win the bid. If every head in the room nods, then we go for it. We do whatever it takes, and everyone helps each other out. If I need a particular person who is engaged elsewhere—if they are really critical to help us win and then deliver—my partners will almost always make the sacrifice. The fact is, we are much smaller than almost all of our competitors. But they compete as isolated business units, and we compete as one firm. So even though we are not as large, we do a better job of marshalling the right resources and concentrating them onto the opportunity. We effectively bring to bear the clout of a much larger organization.*

Relationships like these are the envy of any large services firm. They don’t happen by accident, however; and they are not the work of a single talented individual. They must be systematically cultivated and grown. As I described in the Introduction, the capacity of a firm to develop these trusted client partnerships rests on an entire *system* of organizational capabilities. You can become a trusted advisor by developing your own skills and working on your own client relationships, but you need to employ a multiplicity of strategies and a team approach in order to become a trusted partner—it’s not a solo act. The journey is well worth it, however. The rewards, for both service provider and client, are huge.

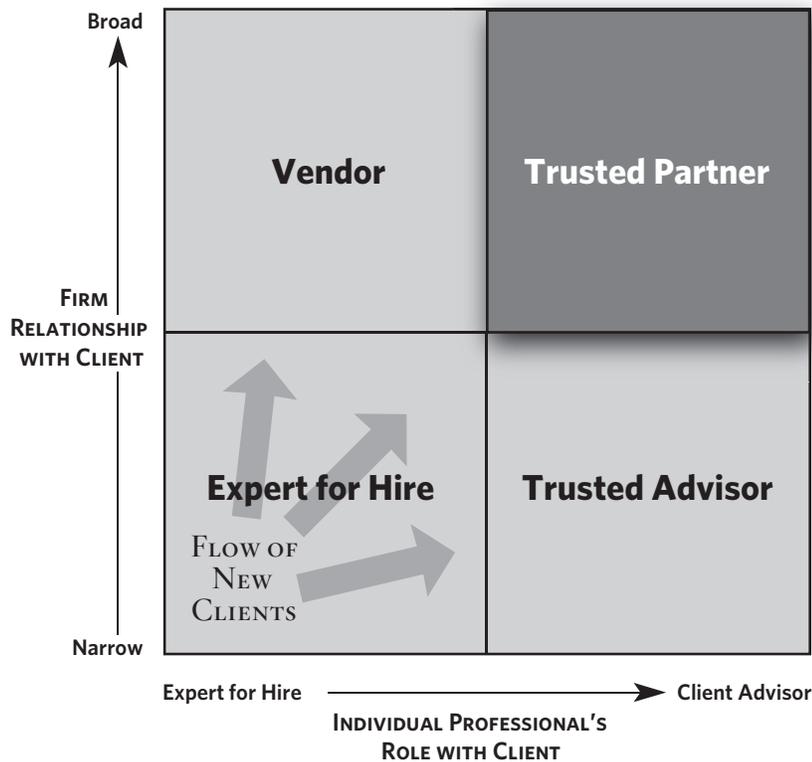
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### Underpinnings of Trusted Client Partnerships

To cultivate a relationship of this stature, two key dimensions must be developed: the individual professional's role, and the firm's overall relationship. Here's what has to happen:

- First, the individual professional who is leading the relationship must evolve his *role* from that of an expert for hire to a trusted client advisor. This is the essential first step.
- Second, the firm's *relationship* must develop from a single point of contact and a single service to multiple contacts and a broad range of services.

These two dimensions are shown in Figure 1.1.



**FIGURE 1.1** The Client Development Matrix

If you reflect on it, you'll see that this Client Development Matrix—where each quadrant represents a particular positioning with the client—makes intuitive sense. However, to create a complete progression of professional relationships, we need to consider individuals who are not yet clients—people who have not even entered the matrix. Nonclients include what I call *contacts* and *acquaintances*. If we add these into the mix, we end up with six levels of professional relationships. My clients have found it extremely useful to think about these as a progression from one to six.

### **Level 1: *Contact***

This is the starting point. We meet someone, have a brief conversation, and exchange business cards. We may stay in touch over the years, but there is little interaction. The individual is primarily just a name in our contact database.

### **Level 2: *Acquaintance***

Acquaintances are contacts we have gotten to know a bit better or friends we have carried with us through the different stages of our lives. We know something about each other, and may have actually spent a fair amount of time together, but the individual has never become a client. He or she may be important to us for other reasons, however, perhaps as source of friendship, information, and insight about markets and competitors, or as resources that we can introduce to our clients.

### **Level 3: *Expert***

At the beginning of your relationships with them, some contacts and acquaintances become clients for whom you are invariably hired in a narrow, expert role. The client has a problem she wants solved, and you have the specific knowledge and experience to deal with it. Almost all relationships begin in this way and, in this quadrant, the trust and mutual understanding that enable a relationship to deepen simply have not developed yet. It's not a "bad" position to be in, but over time, you're going to want to move to the right and upward in the matrix.

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### **Level 4: *Vendor or Steady Supplier***

If you do a good job on the first engagement or transaction, you will probably be asked to do some follow-up work; and you may eventually end up managing a very large, multifaceted set of programs. Don't kid yourself, however, you're still in "request-for-proposal territory," just as you were when you were a solitary expert for hire. At this point, you may be spending a lot of your time with procurement managers or lower-level buyers, without the benefit of having an anchor into senior management. You are by no means part of this client's inner circle; you're more like a contractor who is managing many tradesmen or experts.

### **Level 5: *Trusted Advisor***

You earn this coveted role—which was the subject of my first book, *Clients for Life*—by exemplifying a series of essential qualities that set you apart from the expert for hire or vendor. These include things like personal trustworthiness, independence, judgment, big-picture thinking, empathy, and others. The challenge at this point is to move up the other axis and broaden the relationship at a firm level—to grow it from an individual relationship to an institutional one. You don't always progress linearly from Level 3 through Levels 4 and 5—sometimes you move directly from Expert to Trusted Advisor, skipping the Vendor stage altogether.

### **Level 6: *Trusted Partner***

This is the ultimate goal: to be a trusted advisor to your client *and* to harness the full power of your organization to address a variety of client issues. Finding yourself in this upper-right quadrant means that you have built a true partnership. You are helping to shape your client's agenda, you've developed many-to-many relationships, and you are meeting an array of client needs with different services or products. It's not an easy task to play this role with a client, but if you

succeed, you and your firm will probably have a client for life—and a highly profitable one at that. You'll also experience great personal satisfaction in the role of a trusted counselor who is having a significant impact on client success.

These six levels, and the way in which a client would describe them, are summarized in Table 1.1.

### How Do You Know You've Reached Level 6?

In a Level 6 trusted partner relationship, you typically:

- Have developed multiple relationships between your firm and the client's organization, both horizontally and vertically;
- Have several, Level 5 trusted advisor relationships with the client;
- Have strong relationships with one or more key economic buyers;
- Have broadened the relationship so that you provide the client with a variety of services or products and there is a breadth of revenues; and
- Are doing work that is aligned with the most critical issues on the client's agenda.

There are no hard-and-fast, scientific criteria to identify a Level 6 trusted client partnership, but these are some of the key factors you need to look for.

We have three foundations that contribute to sustaining our long-term, institutional client relationships: the team; client results; and our approach to creating value. Our competitive spirit is turned toward our client's competition—not toward each other. Many of our consultants were at the top of their class, but we emphasize our team approach and collaboration every chance we can. When we recruit we look for teamwork skills, and collaboration is reinforced in the performance feedback process and in almost every communication from our managing partner. As a result, we have a culture where individuals don't try to "outshine" a peer; and the slogan "One Bain partner never lets down another Bain partner" is engrained in our behavior.

**—Wendy Miller, Director,  
Bain & Company**

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**TABLE 1.1** The Six Levels of Professional Relationships

Level	How a Client Would Describe It
1. Contact	“We’ve met. I think he works for . . .”
2. Acquaintance	“I’ve known her for a while. We have some things in common and know some of the same people.”
3. Expert For Hire	“He’s very knowledgeable in that area and did excellent work for us on a project.”
4. Steady Supplier	“We’ve had a relationship for a while now. She and her firm consistently deliver, and I’ve recommended her to a few colleagues. For this type of work, we’ll continue to use them.”
5. Trusted Advisor	“I’ve known him for a long time. He’s superb at what he does, and has great business sense. I really trust his judgment, and I will definitely use him as a sounding board for tough issues.”
6. Trusted Partner	“I view them as a long-term partner in growing our business. They’ve built many strong relationships with our people, and they consistently add value. I feel we get the best that their firm can offer.”

### Importance of Reaching Level 6

How would you or your firm’s client relationships map against the client development matrix and these different levels of relationships? How many of your clients would fall in each of the quadrants? When I have worked with my clients to position their client base in this matrix, they typically find that between 10 and 20 percent of their relationships fall into the Level 6 trusted partner quadrant. These relationships are in

the minority; but as I've mentioned, they make an outsize contribution to the growth and prosperity of any firm, and they are often the source of your most innovative intellectual capital.

What if you had just a few more of these Level 6 relationships? What kind of an impact would this have on your organization? I have frequently seen a single Level 6 client transform a career or an office. For example, when I moved to Rome to become Gemini Consulting's Country Head and Managing Director for Italy, I was able to succeed in growing the practice and adding staff mainly because of two Level 6 relationships that I developed early in my tenure there. And during their early days, Bain & Company based its international expansion strategy on the development of Level 6 relationships. Bain would only open a new office outside the United States when it had developed a "consolidated" client in that geographic location, that is, a major flagship client that would provide ballast and a steady revenue stream to support the hiring of staff and investment in local office infrastructure.

### **Why It Matters to Clients**

I've made it clear how important Level 6 relationships are for the service provider. But what about the client? In the hundreds of interviews that I have conducted, client executives cite a variety of benefits to these long-term, institutional relationships, some of which include:

- *Impact:* Often, it takes a significant concentration of resources from an outside service provider to help clients actually achieve their strategic goals.
- *Continuity:* The trust and continuity that are part of the fabric of a trusted client partnership increase speed and enable more efficient project completion.
- *Value:* By developing intimate client and industry knowledge, the service provider can add value in multiple dimensions and create more tailored solutions.
- *Ease of use:* It can be extremely unwieldy and inefficient for large clients to use dozens—even hundreds—of banks, law firms, or advertising agencies all around the world. By concentrating their

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business with a smaller number of strategic partners, clients can dramatically decrease the friction of relationship management.

- *Cost*: All of the factors cited here can combine to reduce overall costs for the client.

Not surprisingly, the investment required to develop Level 6 client relationships is commensurate with their importance and payback. Building and sustaining them requires the application of the integrated set of strategies that are summarized in the next chapter.