

**Perspectives on the Management of  
Customer/Supplier Relationships  
in a Business-to-Business, Capital Goods Environment**

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# ABSTRACT

Mieczysław Paul Sudnik

Perspectives on the Management of Customer/Supplier Relationships in a Business-to-Business, Capital Goods Environment

Set in the Greek subsidiary of a multinational company whose products are capital goods and consumables sold through business-to-business channels, this work addresses a noticeable fall in sales over recent years from the perspective of a practitioner-researcher.

A participative approach to the research work was chosen by reference to the Action Inquiry paradigm and the thesis outlines the reasons for this choice. It goes on to trace how the problem of falling sales was first explored through the literatures of customer satisfaction and customer relationship management before finding expression in the Service-Profit Chain model. The application of this model to a business-to-business environment is carefully considered throughout.

From a wide client base, not all customers could be accommodated in the research and so a method of customer selection is outlined. To enable an evaluation of the progress of the work, a non-positivist process for benchmarking customer sentiment towards the subsidiary has been developed by extensive use of the Repertory Grid Technique. The thesis reports on two applications of this method, each a year apart, and on the ameliorating interventions made in the intervening period. These interventions were facilitated by the application of a key account management system in the company where the work took place. Both practical and theoretical issues concerning the KAM approach are discussed at length.

The work may be seen as pursuing a gap in the literature recognized by several writers and as such it contributes to knowledge by virtue of being a rare piece of pragmatic research into customer relationships and their management. It demonstrates a practical integration of the fields of theory covered by the Service-Profit Chain, Customer Relationship Management and Key Account Management, whilst reinforcing the Service-Profit Chain model as an integrating theory within the business-to-business field. Finally, the research outlines a transferable process for the assessment of a company's standing with its customers in such an environment and for planning appropriate interventions with a view to influencing that standing on a cyclical basis.

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## **Chapter 1 - INTRODUCTION**

### **1.1 PREFACE**

The research described here arose from a work-related issue that I faced after undertaking a 'new job' situation. As a mid-career manager I have, over a number of years, often had to adapt to new professional challenges. However, this 'new job' was different in that it was, and is, essentially a turn around situation such as I had not previously experienced. Upon taking over my new role as managing director of a group subsidiary company in a business-to-business, capital goods environment I found that the sales of the unit had fallen off noticeably in recent years, particularly so among the established customer base. At the same time informal feed back from sales staff, and indeed from the senior managers of customer organisations, seemed to indicate that many customers were less inclined to view my company in as good a light as previously nor to endow it with the same level of confidence as once they did.

After much thought it became clear to me that I needed to be active with my customers in order to bring about some stability in my daily commercial dealings with them. At the same time, the difficult situation that I found in the company provided me with an excellent opportunity to combine my professional work with my academic ambitions, at least for a period, and to approach the management issues involved from the perspective of a practitioner-researcher. This approach to my dual goals seemed valid since as Zeisel (1984) puts it

Research seen as problem- and situation-specific becomes a tool to achieve someone's purposes rather than an end in itself. (p. 226)

Consequently, I decided to undertake a research project that would be set in the broad area of 'customer satisfaction'. This subject definition was chosen since, instinctively, it appeared to be a close working proxy for the broad 'customer confidence' issue that beset my work situation.

My employer is a family owned company of Swedish origin that is the leader in the field of paperboard packaging for liquid food. It enjoys a worldwide turnover of some 10 billion Swiss Francs whilst employing 18,000 people in over 150 markets. The company was founded almost 50 years ago with the intention of exploiting a then revolutionary packaging system. The 'aseptic package' permits the storage, without the addition of preservatives and after rapid high temperature heat treatment, of liquid food in ambient conditions for periods significantly longer than those achieved through traditional pasteurisation. Since the company's establishment, the product has become an almost

ubiquitous presence in kitchens, lunchboxes and catering establishments the world over with more than ninety billion packages being consumed annually.

Throughout the early phases of the research I was, as a practitioner, of the view that if I was to have the chance of restoring the company's fortunes in the market place, I must bring about change in the quality of the bilateral interaction between each of the customers and my company. Simultaneously, as a researcher, I realised that I must immerse myself in the literature and practice of my chosen area. This thesis will deal with my efforts to define the research problem and to trace the expansion of knowledge on the subject of customer satisfaction in the literature. It will also recount my thoughts on selecting an appropriate research methodology for this work and report on efforts aimed at defining the strategic environment within which my company finds itself.

In order to address the inevitable practical aspects of the project, my research sought to identify features of the relationship building process and to make appropriate interventions with the company's customers aimed at rekindling a positive rapport. It is expected, based on experience reported in the customer satisfaction literature, that an improvement in these supplier / customer relationships will result in improved financial results for my company in the long term.

This document reports on the early to middle stages of this longer-term process. It encompasses the definition of the research problem, a discussion of methodology and then goes on to describe two successive applications of procedure aimed at evaluating customer attitudes to a supplier in a business-to-business environment. In this thesis I will also describe a process of designing and applying interventions aimed at improving the suppliers standing with the customer and will discuss the implications of the whole for research and practice.

## **1.2 THE OBJECTIVES OF THE INVESTIGATION**

In considering the objectives of my research from my perspective as a practitioner-researcher the tangible objectives of the project were and are dictated by the background presented above. Firstly, in order to provide a basis for the rest of the work, I needed to conclude a review of literature that would illuminate the central topics of the research with specific emphasis on 'customer satisfaction'. I also needed to give thought to the methodology that would be applied to the research. An important objective of the research would also be to describe the strategic environment within which my work is located. Later, I would need to address the practical aspects of my work in terms of selecting customers to participate in the research and then to work with them over a considerable period of time with the objective of improving my company's standing with them. Whilst an unusual line of attack for a practitioner, this delineation of tasks turned out to be a very stimulating move out of my usual way of approaching work.



However, in order to fulfil satisfactorily the role of practitioner-researcher, I came to recognise that I not only needed to demonstrate effectiveness in resolving the business issue at hand but that I also needed to show an understanding of why any such eventual change had come about. Winter (1989) makes this requirement clear when he observes that

Experienced practitioners approach their work with a vast and complex array of concepts, theoretical models, provisional explanations, typical scenarios, anticipation of likely outcomes, etc. ...A 'research' process must demonstrably offer something over and above this pre-existing level of understanding. (p. 34)

This succinct wording well summarises the objectives of this investigation, which are indeed to '*offer something over and above*' my '*pre-existing level of understanding*'.

## **Chapter 2 - REVIEW OF LITERATURE RELATING TO 'CUSTOMER SATISFACTION'**

### **2.1 INTRODUCTION**

In this review I hope to identify the key points or landmarks in the literature relevant to the customer confidence issue that I discussed in the introduction to this thesis and to track its historical development. By the end of the review it is expected that a more clear understanding of the context of the research problem that I face will have been attained.

### **2.2 WHY BOTHER SATISFYING THE CUSTOMER?**

"Well, there goes another satisfied customer", I used to hear from the manager of a radio rentals shop I used to work in during student vacations some twenty five years ago, and we would all snigger. Clearly there was not much commitment to customer satisfaction in that organisation; but what exactly is the purpose of satisfying the customer when such a commitment does exist?

This question seems to have exercised the minds of many researchers in the last two decades. Attempts to answer it appear to have followed two different paths. The first path took an approach based on cognitive psychology and examples of the methodology adopted are to be found in the work of Weiner (1980) and Folkes (1988). The second line of attack concentrated on the issue of product or service 'quality' as the key to achieving the goal of satisfying customers, and indeed often inferred that such satisfaction would flow from 'quality' (Parasuraman, et al. 1988). This second train of research has spawned a comprehensive literature, today referred to as the 'service marketing' approach to customer satisfaction. It is this second strand that would appear to provide a more fruitful route for the practising manager and consequently it will be explored in more detail here.

It should be noted however, that the service/quality line of enquiry was not the only strand of thought in the initial literature. An early approach to modelling customer satisfaction was suggested by LaTour and Peat (1979) who proposed that consumers compare a product's attributes against a set of reference attributes and the degree of 'satisfaction' obtained would be a function of the correlation of these two lists. This became known as the Comparison Level model. In the context of the current work however, this approach is perhaps too susceptible to manipulation by customers who may change the contents or weighting of individual items in the reference attributes list during the study!

During the 1980's, efforts were expended by the Service Marketing School on arriving at a universally acceptable definition of 'service quality'. Such a specific posture, which



concentrated on a relatively narrow (although rich in practical examples) area, was probably justified because quality and satisfaction were often seen as static concepts. Among the several attempts competing for attention, the one that appears to have gained most acceptance is the 'Disconfirmation of Expectations Theory'. This seeks to explain perceived quality as a function of the difference between customer expectation and the actual performance of the service (Oliver 1980; Grönroos 1982; Churchill and Surprenant 1982). The theory also argues that customer loyalty, as manifest by repurchase decisions or willingness to praise the supplier by word of mouth, is a function of customer satisfaction.

The early quality models were subsequently criticised (Clemons and Woodruff 1992) for their simplicity and the introduction of money into the picture broadened the discussion to include a concept of value. As an alternative, the Value-Precept Disparity Model was suggested by Westbrook and Reilly (1983). The model is based on the insight that value is a better predictor of satisfaction than pre-purchase expectation because value is a more enduring emotion. This approach to understanding customer satisfaction generated significant research well into the 1990's, much of which has adopted a very practical tone. For example, Iacobucci et al. (1994) suggest that by including financial factors into the quality and value models, they become capable of exploring customer evaluation of a service as a comparison of what was paid for with what was actually received. Essentially some quantification of external service value becomes possible.

The exploration of value as a worthy product attribute has today itself a valuable literature. This variously focuses on product pricing policy (Leszynski and Marn 1997; Sjöblom 1997) or it may move into the area of strategic management and look at the relationship between customer satisfaction and shareholder value (Walters and Lancaster 1999). Indeed, there are interesting case studies that describe the way in which the posited direct link between 'quality' and 'customer satisfaction' has generated much 'value' creating activity within firms. For example, in Xerox Canada it is reported by an involved manager (Robinson 1997) that

It became clear to us that *quality* meant adding *value* to the customer experience - not just meeting internal standards. At the same time, we also realized that having *superior customer satisfaction* was the only way we could differentiate ourselves from the competition. (*This writer's italic*) (See HTML Version, Section 1 'Defining quality at Xerox Canada')

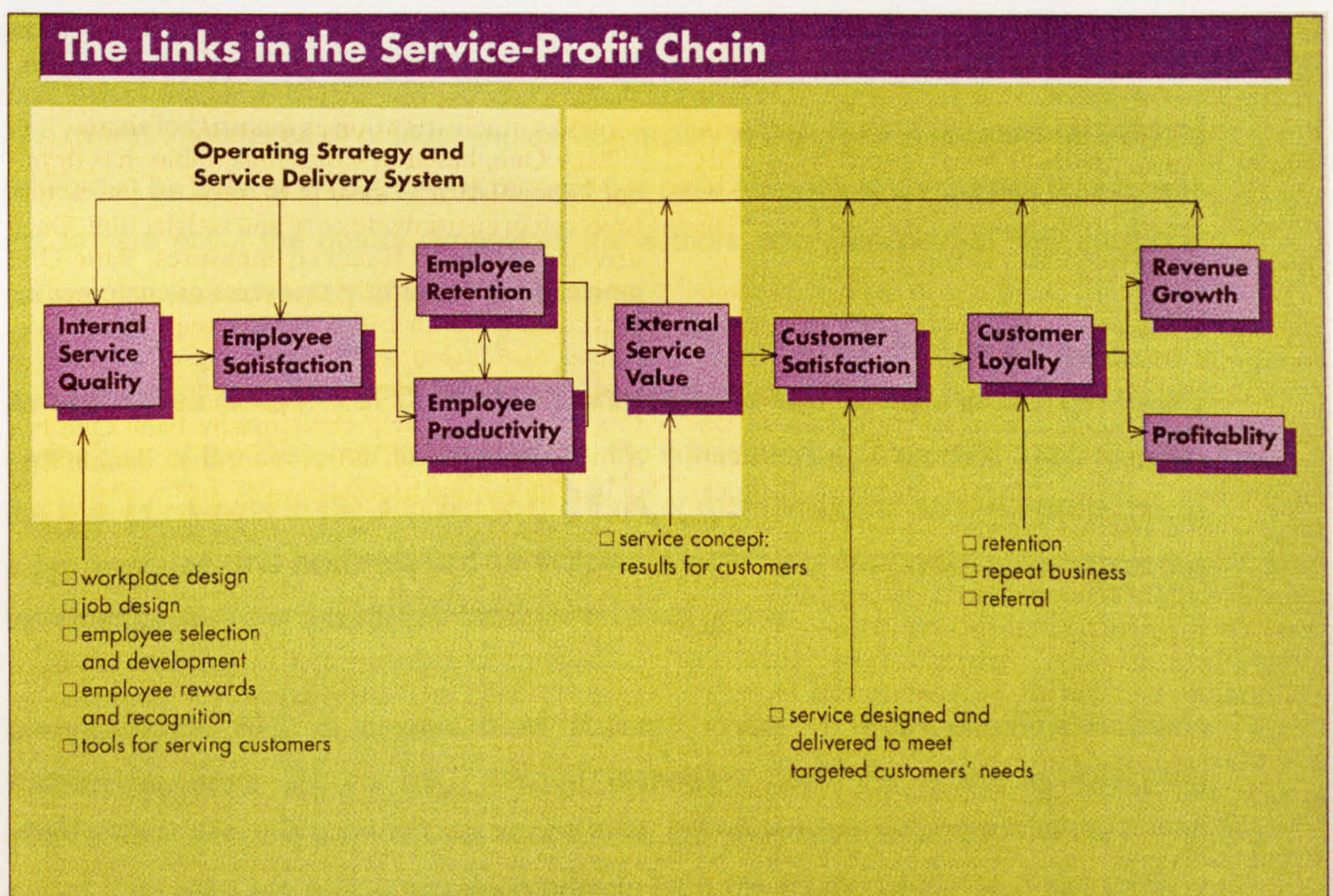
This seems to be a laudable goal for the practicing manager but as Ravald and Grönroos (1996) counsel, after showing that the counterpoint to the benefit view of value is the cost or sacrifice aspect of the transaction to the customer, the ultimate aim of adding more value to the core product (that is to enhance customer loyalty) will hardly be reached if the value added is not customer oriented.



Similar ideas to those discussed above, and which partially originate from what might be described as the Nordic School (Grönroos 1982, 1991, 1994) and (Selnes 1993, 1998), appear also to have been evolving in America during the late 1980's and early 1990's. Scholars at the Harvard Business School (Reichheld and Sasser 1990) were able to suggest that, in service industries, the impact of a 5% increase customer loyalty could achieve profit increases of between 25% and 85%. The relationship between customer loyalty and profitability that Reichheld and Sasser suggest is important since it makes possible the final connection in a sequence of ideas.

This sequence integrates a series of concepts that begin with service quality and move on to customer satisfaction before bringing in customer loyalty, via some relevant notion of external value, and finally linking all these with the ultimate goal of business – profit. Indeed, later work at the same institution tidied up much of the early research in the 'customer satisfaction' field and created a model that drew on the image of 'linkages' and became known as the 'Service-Profit Chain' (Heskett, et al. 1994). This model appears to have taken on the status of a paradigm in the study of customer satisfaction and makes very clear the links between the quality of the service, employee satisfaction, the external value of the service to the customer, customer satisfaction, customer loyalty and finally, profitability

The diagram below is taken from Heskett et al's original HBR paper (p. 166) and illustrates the particular links in the Service-Profit Chain model (referred to hereafter as the SPC).





What is characteristic in the SPC is its creators' insistence that activities both inside and outside the firm are essential parts of the chain. Thus they first posit a number of internal links and dependencies by suggesting that a well-managed environment within the firm establishes the conditions to satisfy employees, who as a consequence of that satisfaction will be loyal to the firm and productive in their work. This positive impact on employee productivity manifests itself, according to the authors, in improved 'External Service Value' to the customer.

It is this expected improvement in the service delivered to the customer that provides the link between internal and external parts of the chain, for the model assumes that as a result of receiving better service from his supplier the customer will be better satisfied. The implication inherent in this assumption for managers is that by designing services to meet the specific needs of targeted customers; it might be possible to influence customer satisfaction positively. This argument is of course firmly grounded in the value creation literature as well as in the service quality work mentioned earlier.

Thus managers would seem to be encouraged to consider the dimensions of service quality identified in Parasuraman et al's SERVQUAL model and to ensure that factors such as dependability and timeliness of service delivery become central to their organisations. Other less tangible factors such as empathy between the supplier and the customer and a sense of confidence on the part of the customer in the supplier also suggest themselves as areas worthy of management action based on Parasuraman's work.

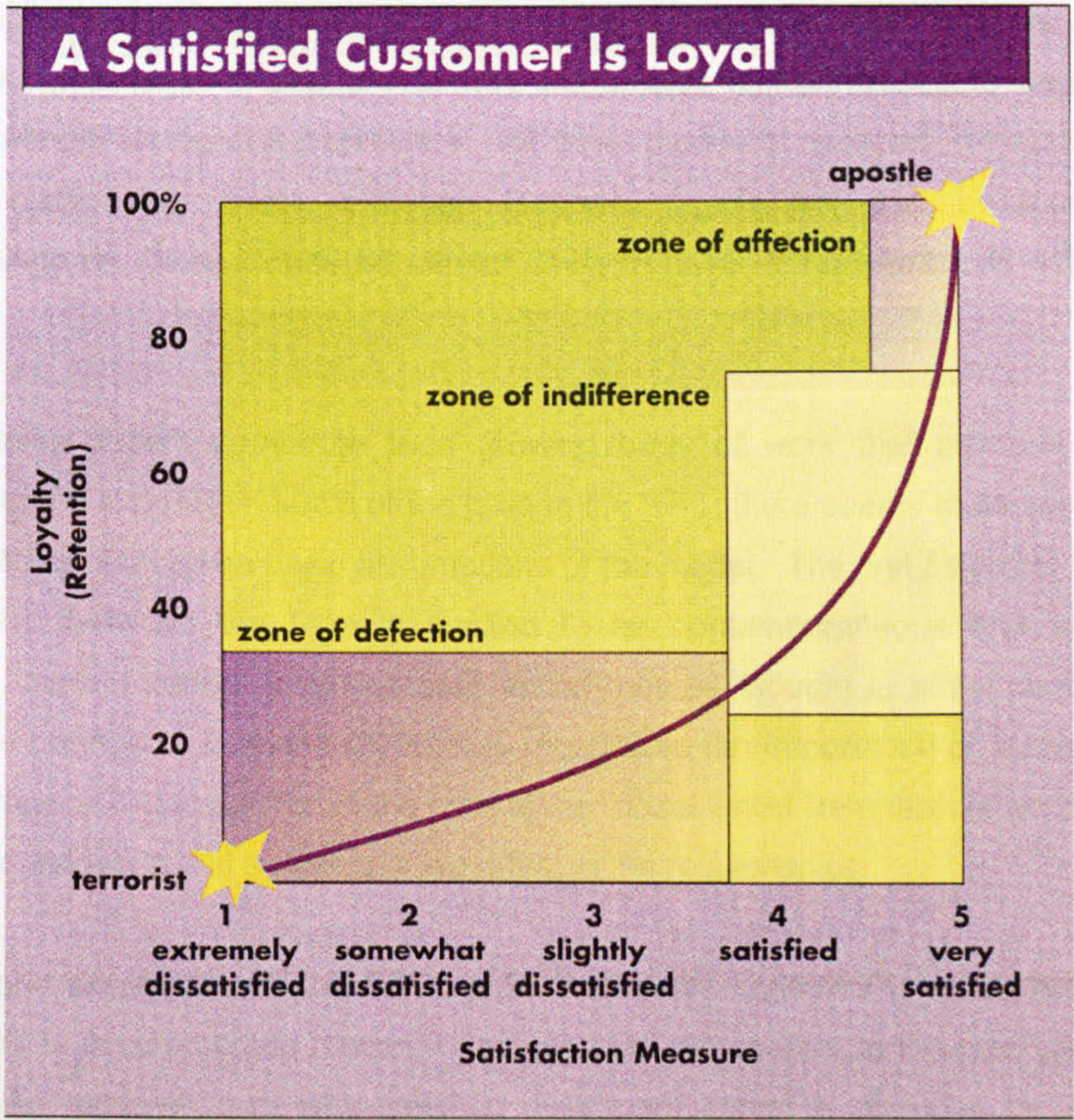
The overall importance of product and service quality in the creation of customer value is reinforced by Dale et al (2001) who recount five case histories of companies that appear not to care about the quality dimension, the authors also demonstrate how customer satisfaction was adversely affected in all cases.

As one moves along the SPC, improved satisfaction is said to result in stronger loyalty on the part of the customer to the supplier, the consequence of which is to be found in the flow of rewards to the supplier in the form of more business and improvements in sales revenues. It is assumed that the supplier is sufficiently competent to transform this incremental business growth into incremental profit growth.

Essentially the SPC is presented as a linear model in which progress is made successively from link to link. Whilst managers have the option of designing interventions affecting several links at one time, the underlying assumption of the model is that if all links are addressed appropriately then the model becomes a self fulfilling



prophecy. The diagram below, also taken from the original HBR article (p. 167), demonstrates the simplicity of the assumptions upon which the model is based and illustrates the assumed relationship between customer satisfaction and customer loyalty.



An attractive feature of the SPC model is that, extrapolating from the logic of the above diagram, it would seem that if appropriate assessment tools can be designed then researchers and managers might go on to obtain insights into their firm's progress along the chain. In the case of the Internal and External Service Quality links such tools might be in the form of efficiency indices or Key Performance Indicators. McMullan and Gilmore (2003) propose a method of measuring customer loyalty development whilst the other links in the internal and external portions of the SPC, Employee Retention and Productivity as well as Revenue Growth and Profitability, are measurable by well-understood statistical and accounting methods. This leaves the assessment of employee satisfaction and customer satisfaction as the two final, and perhaps neuralgic, links in the chain requiring the reading of human attitudes. In this work I shall concentrate on the Customer Satisfaction aspects of the SPC whilst recognising that the Employee Satisfaction route may be a valid approach for an internally focused piece of research.



Among the most recent in a wide array of empirical work testing the relationship between customer satisfaction, loyalty and profitability is research amongst a group of seven winners of a Portuguese Total Quality Management award (André and Saraiva 2000). Hallowell (1996) also reports on a study using customer satisfaction data from 12,000 retail-banking customers of one retail bank. Bates et al (2003) have examined aspects of organisational size, productivity and profitability with respect to the reputation of their sample for service excellence. All three pieces of research conclude that the posited relationship exists, although Hallowell points out that because of the methodology he chose to use he cannot claim to have demonstrated its nature to be causal.

Whilst these papers contribute to a growing body of work that provides evidence supporting the interdependence of the links in the SPC, there seems to be some current dissatisfaction with some basic assumptions of the model. The first objection is that the relationship between the links is posited to be contemporaneous and that as an example, current period employee satisfaction may be thought to affect current period employee retention. Zeithaml (2000) has recognized the importance of a consideration of the temporal dimension for all the links in the model whilst Bernhardt et al (2000) have pointed to evidence that suggests a lag effect in the relationships.

The second assumption of the SPC model that raises concerns is its implied linearity, which fails to accommodate research findings that run counter to the predictions of the model. An exploration of why satisfied customers defect is provided by Jones and Sasser (1996) whilst Reichheld (1996) seeks to learn from such unexpected occurrences. Rust et al (1995) seem to have been among the first to suggest that the relationship between the links in the SPC need not be linear, a theme picked up and developed by Schneider and Bowen (1999) among others.

These objections to the proposed simplicity of the hierarchical nature of SPC would seem to detract from the model's predictive properties but need not dissuade from following its general thrust. Indeed, the discussion does not seem to have discouraged its creator from persisting in the hierarchical view of the model and suggesting that customer loyalty is in some sense cumulative. In the context of the second diagram presented above, Heskett reaffirms his view that as the customer progresses up the curve representing the relationship between satisfaction and loyalty, so he passes through a stage of strong commitment to the supplier before beginning to display '*apostle-like behaviour*'. Now he (Heskett 2002) surmises that beyond apostleship lies ownership of the relationship between supplier and customer and that at this stage the two are bonded in an inextricable relationship for life. Would that it were so!

Whilst then rejecting the SPC model as a hierarchical, predictive tool I am nevertheless prepared to subscribe to it as a guide to performance excellence that might help me in my attempt to improve the faltering reputation of my company. Particularly so as the different elements of the 'Service-Profit Chain', and the relationship between them, have been explored in still more depth by members of the Nordic School (Storbacka, et al. 1994) with the conclusion that it is not a static model and that

in order to enable a firm to capitalize on ... customer relationships at a profit, the dynamic nature of such relationships has to be understood. (p. 35)

Such a finding of course has implications for the practising manager for as Muffatto and Panizzolo (1995) conclude; 'customer satisfaction', and all the related ideas discussed above, may be viewed as a process.

Apart from this important insight into the nature of 'customer satisfaction', the 'Service-Profit Chain' also appears to provide the answer to the question posed at the beginning of this section - Why Bother Satisfying the Customer? The model, and accumulated evidence, seems to suggest that the answer lies in the potential profit gain that 'satisfied customers' deliver. In so far as this is true, and several successful attempts seem to have been made to verify the link, it is a clear motivator for any manager or company to become involved in establishing those processes that are apparently necessary for success in achieving 'customer satisfaction'.

### **2.3 SO ALL THIS APPLIES ONLY TO SERVICE INDUSTRIES, RIGHT?**

It must be said that much of the early and contemporary work in the field of customer satisfaction is oriented towards the provision of services to consumers. Indeed, it will be recalled that the very name of the model discussed extensively in the previous section incorporates the word 'Service'.

The original interest of researchers in the service sector might well have been the result of the airline deregulation in the United States in 1978, suggests Duffy (1998). This process resulted in all out competition among American airlines with the result that they struggled to find points of differentiation between their services. The outcome of the subsequent marketing war was the widespread introduction of loyalty programmes and the attendant market research to establish if they were achieving their aim of putting 'bums on seats'. Success against this measure clearly would influence the profitability of individual flights, which are of course a perfect example of a perishable service good.

However, my interest as a manager in a company selling both capital goods and consumables in a business-to-business environment is whether the theoretical groundwork of the 'Service-Profit Chain' is applicable to my present situation. In



considering this contextual issue, Duffy goes on to provide examples of both credit card and grocery shop loyalty programmes established by large companies. It could then be argued that grocery retailing is not a pure service in that the consumer takes away a physical good at the end of the transaction. This sole dependence on pure service contexts in the literature is further broken by Reichheld (1996) who in expanding his original (ibid.1990) contribution to the customer satisfaction debate includes in this book an analysis of customer satisfaction and loyalty coefficients among luxury car and tractor manufacturers. Examination of this latter sector by so eminent an authority would seem to firmly legitimise the extension of the discussion to the area of capital goods and business-to-business marketing, for farmers or building contractor surely buy tractors for their value as inputs to the processes of production.

Discounting purchases of tractors by small private farmers or by one man construction firms, such buying decisions perhaps should be considered as not being 'personal' but 'organisational'. The question is then raised (Wilson 2000) as to why the study of consumer and organisational behaviour should be divided? Wilson argues that

there are likely to be insights to be gained from regarding individuals and organisations as axiomatically similar and comparable (not the same), rather than treating them as empirically, theoretically and conceptually distinct. (p. 782)

He goes on to examine the limitations of organisational buyer theory, particularly with reference to the assumption that organisational buying decisions are always rational, and concludes that real life generates examples of less than rational buying conduct by organisations. If so, this could be seen as bringing the actions of organisations closer to the range of possible behaviours at the level of the individual consumer. Wilson sees the Millennium Dome as a particularly resonant recent example of such organisational irrationality.

Whilst Wilson takes significant steps in building a theoretical case against the current practice of seeing the existence of a dichotomy between consumer and organisational buying behaviour, he concludes his contribution by accepting that there is no 'convincing alternative' to the approach in practice. However, he also is clear in suggesting that substantive progress in resolving the discussion lies in empirical research.

From my professional perspective it would seem that Wilson's work is an invitation to treat. He lays a notable theoretical basis for working with models developed in consumer-oriented environments in organisational ones. This theoretical foundation, when taken together with Reichheld's evident practical willingness to expand the use of the 'Service-Profit Chain' model out of a purely service milieu, would seem to justify further consideration of its use in my specific work situation.

## **2.4 SO, WHAT NOW? A MOMENT OF REFLECTION.**

The literature reviewed in the previous two sections would seem to have gone some way to helping me clarify some of the questions about the proposed research that were in my mind at the outset. Firstly, I am now confident that the literature demonstrates that the 'Service-Profit Chain' provides a model that enables a link to be made between customer satisfaction (my working proxy for the apparent lack of confidence my customers currently have in my company's local operation) and profitability. This makes it a very practical model from my position as a practitioner and provides a justification for choosing to work within 'customer satisfaction', broadly understood, as a means to influencing the long-term economic outcome of the business for which I am responsible.

Secondly, I am encouraged in the view that, although the model was developed in a consumer services context, it would not be inappropriate to make use of it in a business-to-business, capital goods and consumables environment.

Finally, I have noted that the 'Service-Profit Chain' is not a static model and that this conclusion leads to the view that creating customer satisfaction, and reaping its attendant benefits, is a management process. It would seem that as a next step an understanding of how to bring about such customer satisfaction processes could be of value.

## **2.5 HOW MAY THE CUSTOMER SATISFACTION PROCESS BE ADMINISTERED IN ORGANISATIONS?**

The concept of a 'process' implies some sort of continuity. In production engineering there exist two types of classification of processes, batch and continuous, yet despite their differences both imply a sequencing and association of steps over time.

In a management setting, Llewellyn and Armistead (2000) note that

a business process is a series of inter-related activities that cross-functional boundaries with individual inputs and outputs. Business processes are characterised as being operational or supporting. Operational processes are associated with the way organisations develop strategies, invent products and services, market and sell these, manage production and delivery of products or services, and bill customers. Support processes include the provision of HRM activities, information systems infrastructure, finance and asset management. (p. 225)

This quotation from the business process management literature, together with many other contributions of course, seems to indicate that business process thinking is capable of embracing almost all aspects of a company's activities. It would probably not be an exaggeration then to say that, by virtue of this all-embracing characteristic, properly managed business processes are both internal and external to the company, i.e. they necessarily touch the customer interface.



For the purposes of this argument I shall narrow down my interest in Llewellyn and Armistead's insight into the all-embracing the nature of business processes to those processes that impinge on the customer. If I then link this narrower view of customer related processes to the production engineering logic of processes being dependent on time for their completion, then it is possible to deduce that the management of a customer oriented business process is a time consuming activity. Further, it is also likely that such processes will include a cross-functional range of every day commercial activities and their connection points to customers.

When, in our personal lives, we speak of interpersonal contact over a period of time we use the term 'relationship' to describe the process that is going on. Since much of the vocabulary of the customer satisfaction literature seems to be taken from our personal lives, it is probably not surprising that the phrase 'Customer Relationship Management' has found its way into common usage in that literature along with the more commercially direct 'Customer Relationship Marketing'. It is important to gain an understanding of these terms since they intuitively appear to encompass the establishment of a practical 'customer satisfaction process' within any organisation that intends to implement their underlying ideas. Is it true, for example, that this terminology describes activity at the customer interface which seeks to create customer satisfaction, and by implication customer loyalty, in the expectation that this happy concurrence of events will bring about better sales and hence profits – just as predicted in the 'Service-Profit Chain' model?

It transpires that such an appreciation is not as easily gained as might be expected. Harker (1999) reports on the results of a content analysis undertaken on a sample of 117 different sources from which he garnered 26 different definitions of the term 'Relationship Marketing'. Whilst pointing to certain caveats concerning the sampling technique used, Harker concludes that (in so far as the research methodology used is acceptable) then the 'best' definition of 'Relationship Marketing' is provided by Grönroos (in his 1994 paper previously referred to above). This is that:

Relationship marketing is to identify and establish, maintain and enhance and when necessary to terminate relationships with customers and other stakeholders, at a profit, so that the objectives of all parties are met, and that this is done by a mutual exchange and fulfilment of promises. (Grönroos cited Harker, p. 16)

This definition is not that far away from my commonsense one except that it introduces the idea of 'a mutual exchange and fulfillment of promises'; of which more in Section 2.7 below.

Despite an apparent lack of unanimity on the definition on what constitutes a customer relationship, and what makes it good or bad, it is probably reasonable to conclude that in practice a customer satisfaction process requires work on the daily contact with the customers in order to establish a degree of bilateral faith in the promises made during those contacts. Having thus narrowed down the discussion, it would now seem appropriate to focus on literature that will inform my understanding of the attainment and maintenance of the desired customer relationship.

## **2.6 WHAT THE PAPERS SAY ABOUT - RELATIONSHIPS**

Contributors to the work of the International Marketing and Purchasing Group have examined the workings of business-to-business markets through the perspective of industrial distribution channels and networks over many years. Crucially, at its inception in 1976, it was decided that the Group would move on from the previous research tradition in industrial marketing of studying discrete purchasing decisions and instead focus on the business-to-business relationships of the transacting companies as the unit of analysis. The stream of literature that flowed from this decision has been of significance in the context of the industrial marketing research that occurred in Europe in the latter quarter of the twentieth century in that it has contributed significantly to the theoretical understanding of inter company relationships. The first twenty years of the groups' work is well summarised by Turnbull et al (1996) whilst Ford (2002), a prominent member, provides a contemporary, if somewhat world weary, reflection on its current entirety.

As I have reviewed this body of work, and the wider literature, it seems reasonable to take the view that there are three elements that influence the nature of business-to-business interactions and which I should bear in mind as I set about the task of building relationships with my customers.

Firstly, the time scale over which commercial interaction is expected to continue appears to be a critical determinant of the perception of the nature of business-to-business relationships among participants (Spekman 1988; Anderson and Narus 1990). Focusing on a single or a limited number of transactions is associated with a short-term perspective whilst repeated transactions between parties, over an indefinite length of time, may result in a change in the perception of the interaction towards a longer-term perspective. Dabholker et al. (1994) suggest that the adoption of a longer-term perspective allows participants to view business-to-business interactions as relationship-based rather than as contract-based. Contract-based interactions are characterised by 'arm's length transactions' and little sharing of information between business-to-business partners. Relationship-based exchanges are said to stress two-way communication between the parties that may lead to the sharing of strategic information and a mutual



dependence (Dwyer, et al. 1987; Ganesan 1994). It is of course possible that some interactions may span several years and be perceived as being contract-based; for, by working only within the terms of a contract, the participants in the interaction continue to engage in a short-term rather than a long-term association.

The underlying objectives of both parties in business-to-business interactions constitute a further element of commercial dealings that are discussed in the literature. Business-to-business transactions founded on shared goals are frequently sought out by Japanese managers (Dyer and Ouchi 1993). Such behaviour has also been noted in the West as more firms have become aware of the mutual dependence inherent in their supply chains. In these circumstances the realisation of optimum benefit for all parties involved becomes increasingly important, as does an understanding of how to structure and maintain relationships (Varadarajan and Cunningham 1995).

The third element that stands out in the literature as being relevant for business-to-business interdependencies is the balance of power between the participants (Hunt and Nevin 1974; Lusch 1976). At issue here is whether the balance of power in the dealings between the participants is even or if it is uneven, and hence weighted towards one of them. The importance of this dimension is becoming increasingly apparent to managers, especially for those experiencing shifts in the balance of power within their supply chains (Frazier and Antia 1995). Unlike the view on the time-scale or objectives of a business-to-business association, the balance of power is generally outside the short-term control of the management of either side. However, it would seem that working towards a change in the relative power positions in the commercial dealings between parties could be part of a longer-term strategy. Nevertheless, the aim of such a strategy would, in any case, probably be influenced by the time-scale and objectives of the relationships under consideration.

Indeed, the long term, strategic nature of industrial relationships is recognised in the work of the previously mentioned IMP Group. In an early contribution to the group's work Ford suggests that business-to-business relationships evolve over time. He has modelled (Ford 1980) a five-stage evolution process, progress through which is influenced by factors such as the increasing experience of both partners, the consequent reduction of uncertainty and distance between them and the growth of commitment by both sides to the relationship. Interestingly, Donaldson and O'Toole (2000) note that, in a literature that offers such a wide-ranging examination of industrial relationships, few authors actually attempt a classification of alternative relationship structures.

These authors then go on to provide a helpful hierarchy and propose that the strength of business-to-business relationships may be viewed, in increasing order of strength, from 'discrete/opportunistic' to 'hierarchical' to 'recurrent' and finally to 'bilateral'. This last category is in some sense assumed to be the ideal in that it represents the highest strength form of relationship based on a co-operation amongst partners aimed at mutual benefit against a background of

openness of information sharing and collaboration at a strategic level. Both the process of interaction and the strength of its content are high. It is a unique and complex relationship not easily copied. (p. 495)

In practical terms, whilst this definition sets the bar high and makes clear what one should be aiming at as an ideal, the model seems to leave a fuzzy area between the next three lower relationship strength categories as the 'recurrent' relationship is said to be a

hybrid form between the pure discrete and bilateral types. (p. 495)

This apparent lack of clarity will certainly be reduced in future work but at present it is disappointing as it would seem to make the model less useful than it appears at first sight as a means of assessing progress in and maintenance of the relationship building process.

If Donaldson and O'Toole in some sense illuminate what progress towards an ideal customer relationship might look like, some writers attempt advise on how achieve this state. Following a review of the relationship marketing literature, Grossman (1998) arrives at nine 'Managerial Implications' for relationship building. These range from the apparently uncomplicated '*Customers want to have relationships with firms*' (which actually underlines the rather complex consensual, two way aspect of the objectives underlying a business-to-business relationship) to the practical '*Do not be afraid of customer complaints*'. The weakness in these aphorisms would however appear to be that they are a synthesis of what has been written rather than being built on the foundations of empirical observation.

This same prescriptive, literature based approach has been followed by others. Cann (1998) defines eight steps required to build a successful business-to-business relationship and divides them into two categories, those to be undertaken inside the selling organisation and those to be undertaken outside it. In so far as this classification emphasises the internal and external nature of the process to be established it is useful, but the contribution is not really aimed at providing practical 'this is what we do on Monday morning' advise to the manager.

The work of Kandampully and Duddy (1999) builds a theoretical proposition that not only 'primary relationships' (those directly between transacting parties) are important to the



achievement of wholly satisfactory relationships. They advocate the equal importance of 'secondary relationships' in establishing and maintaining good customer relations. Secondary relationships are said to be all those

dependent on the holistic competency of the firm, developed through strategic alliances with various networks of stakeholders capable of satisfying customers' holistic needs. (p. 321)

Whilst this may be so, it is difficult to see how this insight is of practical use in the mundane situation in which I find myself professionally today.

Continuing the fine traditions of the Nordic thinkers in the customer satisfaction field, Zineldin has build up a strong contribution over several years (e.g. Zineldin 1995; Zineldin, et al. 1997) the culmination of which is his memorable assertion (Zineldin 1998) that:

Business is not a war. Business can be viewed as debate, co-operation and peace. (p. 1139).

In this almost philosophical *tour d' horizon* around earlier debate on how commercial relationships ought to be cast, Zineldin concludes by coining the term 'co-opetive' as describing the required, holistic, perspective for the creation and sustenance of strategic, collaborative relationships.

In a subsequent contribution he presents (Zineldin 2000) this same thought in a perhaps more digestible form for the practising manager. He outlines what he calls '*Total Relationship Management*', an activity whose characteristics he likens to '*Total Quality Management*' but which is focused on relationship building though his preferred holistic approach.

Strangely, it would appear that there is an apparent dearth in the literature of pragmatic research into customer relationships and their management. This gap has been identified by Storbacka et al. (1994) and by Rosen and Surprenant (1998). As a consequence, it is not easy to gain an insight into how to establish and improve buyer / supplier interaction in the field. The reason for this perceptible focus on a non-pragmatic approach to customer relationships may be a consequence (Hallowell 1996) of a lack of meaningful data generated at the level of measuring customer satisfaction and customer loyalty in organisations. The inference would seem to be that fieldwork dealing with the process of relationship creation and maintenance, but using a measure of customer satisfaction relevant to both participants, might be helpful. Certainly, the seeming lack of ready recipes for customer relationship building is in one sense disheartening but in another represents an interesting area for continuing research.

This view would seem to be supported by Gouillart and Sturdivant (1994) and by Foster and Cadogan (2000). The former illustrate with specific examples taken from American

industrial companies of how, in their terms, being '*market focused*' brings closer customer relationships. For companies in their sample involvement of senior managers, up to CEO level, in regular customer contact was an essential part of this process. The second paper, based a mail survey of business customers of a large New Zealand office products firm, concluded that the relationship that customers enjoy with their salesperson is an important influence on the loyalty engendered to the company.

This practical tone is further reinforced by Fournier et al. (1998) who exhort managers to '*get out into the field*' (p. 50) if they wish to understand their customers real needs before the breakdown in relationships '*translates itself to the bottom line*' (p. 43). Quite; my predicament exactly.

## 2.7 OUTSTANDING MATTERS

I am well aware that Grönroos' (ibid.1994) definition of relationship marketing raises the issue of '*a mutual exchange and fulfilment of promises*'. By once again (see Section 2.5 above) using the certainly non-academic technique of extrapolating to and from the vernacular, it is probably not unreasonable to attribute to this phrase an every day conversational meaning involving the word 'trust'. The significance of such an exegesis for this research should at least be explored.

My instinct, as a manager, is that when my customer tells me 'Trust me, the cheque is in the post', he is at the very least attempting, as Grönroos might have it, to enhance our relationship, and avoid its termination from my side, whilst maintaining a healthy grasp of his own cash flow objectives. The contents of the morning mailbag are capable of raising the meaning of yesterday's words to the plain of a metaphysical *exchange and fulfilment of promises*, but do not necessarily do so, whilst the absence of the cheque leaves the conversation firmly anchored in the commonplace.

In whichever way I construe the situation I retain, or my company retains, an ongoing commercial connection with this customer that must be dealt with. This in turn raises the question of what type of 'relationship' does the customer want? Certainly it may be the idealised association that the literature directs the reader to, but the reality also embodies a fundamental construct of trust between traders that is as old as commercial exchange between two parties.

Blois (1998a) recognises this fact and suggests that there is no easy solution to the question of the type of relationship a supplier should seek to develop with his customers, for it will depend on the trust that the customer is ready to invest. Sensing room for confusion in the application the concept of trust to marketing studies he (Blois 1999)



surveys the use of the term in several 'influential studies' and concludes that there is a lack of clarity in what is meant by various writers when using the expression.

Atkinson and Butcher (2003) would seem to agree when they conclude that

interpersonal relationships and trust are both socially constructed phenomena that deserve much greater empirical attention in a managerial context. Ironically, whilst we know so much about them as the social framework for managerial life, their explication remains surprisingly obscure. (p. 299)

Since I, and my firm, must for the moment work with the existing customer base whatever happens, it is probably too early, if not even irrelevant, from a practical point of view to consider aspects of trust in this work. I propose then to recognise that issues of 'trust' exist, both within the day-to-day relationships I have with customers and in the academic literature underpinning the work, but that their inclusion in this research is not necessarily helpful to what I wish to achieve.

## **2.8 SUMMARY AND NEXT STEPS**

This review has, through the perspective of literature, looked at the fundamental question of why attempting to satisfy the customer is an issue in organisations and has, I hope satisfactorily, demonstrated that there is a strong element of self interest involved since satisfied customers probably lead to better profitability. As a consequence of this insight the Service-Profit Chain model and its supporting literature will be firmly placed at the centre of the research as it unfolds. Further, based on the literature reviewed in this chapter, I have begun to make a case for the application of the SPC to a business-to-business, capital goods environment such as that which is of direct interest to me. I will certainly wish to strengthen this argument over the course of my work.

After a moment of reflection, the discussion then moved on to consider what the management of customer satisfaction within a SPC might involve. It was concluded that, in practice, this would require work on the day-to-day contact with customers in order to establish of a degree of bilateral faith in the promises made during those contacts. I have recognised the business process nature of these activities and expect this perspective to emerge in the fieldwork of consecutive research cycles.

What the literature has to say on how to achieve worthwhile customer relationships was reviewed in some depth with relatively disappointing results. The preponderance of theoretical work, notably that of the IMP Group, would appear to endorse the view that an empirical, longitudinal examination of customer relationships through the perspective of 'customer satisfaction' could shed some interesting light on many of the issues discussed in this chapter. Indeed, Storbacka et al and Rosen and Surprenant say as much. This view appears to be further bolstered by the calls to practical action found

particularly in the American literature examples of which are provided by Gouillart and Sturdivant as well as by Foster and Cadogan.

The research problem I faced at the outset of this work has been identified in Chapter 1, as being my professional concern about the apparent loss of confidence of my customers in my company. I feel that this literature review has justified my use of 'customer satisfaction' as a working proxy for the problem and has examined some ideas relating to the management of customer satisfaction and customer relationships from the point of view of practical keys to the resolution of that research problem. I recognise that this functional approach to my reading may perhaps have resulted in a conscious avoidance of issues of academic definition, for example of terms such as 'trust', 'power' or 'dependence'. However, where helpful to my perspective as practitioner I have entered the fray, for example in my treatment of the term 'trust', but in this particular case found that extensive work by Blois had demonstrated a lack of clarity in the academic usage of the term.

Since in practice I must deal with the customer relationships that I have found in my new job, whatever their antecedents and current dynamics, I feel that the pragmatic approach to the literature that I have taken in this chapter reflects the joint perspective of practitioner-researcher that I have adopted for this work. As I turn my attention to a determination of the methodological context within which to explore this complex role, I expect to continue the cultivation such a stance.



## **Chapter 3 - METHODOLOGY? WHAT METHODOLOGY?**

Having refined the research problem and grounded it in the academic literature, this chapter turns to a consideration of methodological issues.

### **3.1 THE CONUNDRUM OF METHODOLOGY FOR SOCIAL RESEARCH**

In the last decade there has been a growing appreciation of the fact that the needs of the practitioner-researcher differ from those of the researcher seeking to establish and test theory within a body of knowledge. Ritchie and Spencer (1994) have contributed to a growing literature that recognizes the importance of applied research and point out that:

Applied research can be broadly distinguished from 'basic' or 'theoretical' research through its requirements to meet specific information needs and its potential for actionable outcomes. (p. 173)

This requirement for 'actionable outcomes' appears to be the crux of a wide ranging and long running debate on what constitutes an appropriate degree of rigour in the methodologies used during research set in social environments. The 'traditional' standpoint on the methodology of research takes the view that scientific knowledge is established as 'knowledge' by passing some rigorous hurdle, for example the statistical testing of hypotheses. As an example from the literature, this is the perspective taken by Calder et al. (1981) in their discussion of research design in consumer-based research.

The extension of this traditional approach to knowledge creation is that 'knowledge' cannot be verified but only disproved by the invalidation of existing hypotheses. Viewed from this position, exploratory work that provides insights into the research problem at hand without being subject to further testing is, in Kuhn's (1970) terminology, 'pre-scientific'. In the context of marketing research Calder (1977) agrees and indeed adopts Kuhn's jargon.

However Morgan and Smirich (1980) are of the view that the significance attached to any particular piece of research in the knowledge creation process is a function of the philosophy of science subscribed to by both the researcher and the reader. Such a philosophy encompasses the individuals' core assumptions about ontology, epistemology and human nature. These in turn influence the attitude of those involved as to how knowledge can be acquired and how research should be conducted.

In their important paper, Tranfield and Starkey (1998) argue for the distinctiveness of management research. They argue that the key defining characteristic of management research is its applied nature and, as they say in the Abstract to the paper its central

concern should be “*the general (engineering) problem of design*”. The authors point out that the purpose of management research is to improve the relationship between theory and practice but that there is no one agreed ontological or epistemological paradigm within the field. The authors draw on the work of Gibbons et al (1994) who identified two different knowledge-production systems which they called ‘mode 1’ and ‘mode 2’.

The ‘mode 1’ knowledge-production systems distinguish

between what is fundamental and what is applied: this implies an operational distinction between a theoretical core and other areas of knowledge such as the engineering sciences where the theoretical insights are translated into applications. (Gibbons cited Tranfield and Starkey, p.347)

For Gibbons et al the ‘mode 2’ knowledge-production systems are

characterised by a constant flow back and forth between the fundamental and the applied, between the theoretical and the practical. Typically, discovery occurs in contexts where knowledge is developed for, and put to use, while results – which would have been traditionally characterised as applied – fuel further advances. (Gibbons cited Tranfield and Starkey, p.347)

Interestingly this differentiation between knowledge production systems appears to be endorsed by Greenwood and Levin (1998) who use the term ‘*logical positivism*’ to describe an objective ontological position in research, in a way that fits within my understanding of the ‘mode 1’ category. They also take the term ‘*Hermeneutics*’ and ascribe to it a broader meaning than some writers on qualitative methodology might use. They use the word to stand for a subjective ontological positioning of the researcher whose ‘epistemological project’ becomes one of interpretation. This view would also seem to be closely associated with Gibbons et al’s integrative definition of ‘mode 2’ knowledge-production systems.

Tranfield and Starkey go on to consider the criteria by which management research can be judged. They conclude that since the key ‘consumers’ of ‘mode 1’ knowledge creation processes are those in the academic community, then success of work carried out on the assumptions of ‘mode 1’ is judged by criteria determined by academics. In the case of ‘mode 2’ knowledge-production systems they take the view that the integration of academics, practitioners and policy makers around the problem being studied results in a variety of appropriate measures being used to judge the quality of output. Tranfield and Starkey conclude that the two knowledge-production systems may usefully co-exist in management research for the subject

is quintessentially non-reductionist. (...) The consequence of this is the need for a catholic yet carefully defined approach to the making of quality judgements. (p. 352)

It should be said that Tranfield and Starkey’s objective had not been to judge the appropriateness of alternative approaches to management research and that their consequent indulgence of the co-existence of two very different knowledge-production



systems in management research did not help me in the reconciliation I was trying to achieve. Nevertheless, their work had clarified for me two apparent alternatives in management research. It had highlighted the point that an Aristotelian belief in sense perception as the basis of knowledge would give rise to what had been called in the literature a 'mode 1' approach. Whilst what had been called 'mode 2' systems in management research seemed more in keeping with an exploration of deviations from the absolute as represented by Plato's theory of Forms or Ideas.

Whilst these approaches may indeed be 'different' and capable of existing side by side in management research, I was drawn to reflect on the apparent dichotomy that seems to have been established in the earliest days of Western philosophy. Indeed, it appears to be an issue that today underpins a debate on paradigms in social research. In practical terms it became difficult for me to see how I, as a practitioner-researcher, could ignore 'mode 2' knowledge production systems. Such a view brought with it further questions. Within a piece of applied research such as I planned to undertake, was this more 'Idealistic' view of knowledge compatible with an Objective approach?

### **3.2 MY CONSIDERED ATTITUDE TO POSITIVISM IN SOCIAL RESEARCH**

Subscription to an Objective approach to my research would, it seemed, signify an involvement with the train of thought that was continued after the Ionian philosophers by Aristotle and Democritus. In the seventeenth century it was represented by Sir Francis Bacon before being taken up by the empiricists of the English and Scottish Enlightenment. The work of these latter philosophers (Locke, Berkeley and Hume) ended in the devastating, for their ideas generally and for Hume personally, realisation that sense experience did not yield the type of information about the world that they sought. This disappointment was followed by attempts on the part of philosophers to develop a more perfect form of an empirical theory of knowledge. This effort could perhaps be seen as culminating in the Positivist values propounded by Auguste Comte in the six volumes of his *"Course in Positive Philosophy"*, published between 1830 and 1842 and which appears to encapsulate the consequences of Objective knowledge creation.

My alternative would seem to be to follow in the Idealism of Plato and the modern German Idealists, the most notable of whom was Hegel. His *'Phenomenology of Spirit'*, published in 1807, contends that human consciousness is social and historical in nature and that this basis of knowledge is what makes absolute understanding of phenomena possible. Whilst the end of the nineteenth century in Europe saw the influence of 'philosophy' wane and that of 'scientific' thought increase, work in the Idealist tradition clearly continues to offer a radical alternative to the Positivist standpoint on the question of how research should be carried out.

I do not believe that my research, set as it will be in the complex social structure of an organisation and its environment and focused on the particular problems of one company, will be likely to generate any 'natural laws' of organisations or management. I find myself agreeing with Laing (1967), whose work is highlighted in Johnson and Duberley (2000), and who points out the difficulties of applying the positivist approach of the natural sciences in social settings:

The error fundamentally is in the failure to realise that there is an ontological discontinuity between human beings and it-beings....Persons are distinguished from things in that persons experience the world, whereas things behave in the world. (cited Johnson and Duberley, p. 34)

Escape from the confines of the positivist stance is offered by G.K. Chesterton (1909/1974) whose description of the functioning of the world, penned in 1909, resonates with much of the cosmology of qualitative research that was to emerge in the latter part of the twentieth century. Bernstein (1996) makes use of the following quotation to make the point:

The real trouble with this world of ours is not that it is an unreasonable world, nor even a reasonable one. The commonest kind of trouble is that it is nearly reasonable, but not quite. Life is not an illogicality; yet it is a trap for logicians. It looks just a little more mathematical and regular than it is; its exactitude is obvious, but its in-exactitude is hidden; its wildness lies in wait. (Chesterton cited Bernstein p. 331)

Such a captivating description of the world might encourage the social researcher of positivist persuasion to think about the 'in-exactitudes' of life, particularly in organisations. However, once drawn into such a line of enquiry, such a researcher must inevitably find himself taking a broader view on ontology than the positivist position would seem to allow. Simply by rejecting the word 'knowledge' as a noun, the researcher finds himself irreconcilably separated from positivism and crosses into what Schön (1995) has called the 'swampy lowlands' where

problems are messy and confusing and incapable of technical solution. (p. 28)

In this sinister place, the researcher must begin to consider the context of his work and then to address the form and nature of the reality within which it is taking place.

### 3.3 THE HERETIC'S PROGRESS

By taking up Schön's implied challenge and by daring to ask what Guba and Lincoln (1994) call 'the ontological question', the same writers commit the straying positivist researcher to answering a further two questions (on epistemology and methodology) which

define for *inquirers* what it is they are about. (Italics in the original) (p. 108)

The answer to these three questions will, say Guba and Lincoln, make clear what falls inside and outside the limits of the researcher's legitimate enquiry and are vital to the



researcher because they describe the 'real' nature of the phenomenon being studied. The researcher defines a position on the way he views himself through his response to the ontological question and through it may even define a 'theory of being'. His response to the epistemological question defines the researcher's understanding of what knowledge is. The final, methodological, question addresses how the researcher may actually go about acquiring the knowledge that he seeks.

Having survived the journey of self-discovery to this point I found that there was no easy way out but to attempt an answer to the Guba and Lincoln questions. As I began to try and formulate my responses I found myself reflecting, not for the first time, on the nature of the interface between my roles as practitioner and researcher. I was struck by the radically different nature of the two worlds that I now inhabit and the requirements of which I must balance and to some extent integrate.

Since the role of researcher is new to me I am free to develop it as I wish. However, I sense that it is the way in which I fulfil my role as a practitioner that will change as I try to bring a wider worldview to bear. This likely-hood is recognised by Feurer and Chaharbaghi (1995) who note that the field of strategy formulation and implementation has, in their respective type of organisation, generally been the province of academics, consultants and industrialists. However, they point out that an approach to the work at hand in the role of an academic, consultant or industrialist inevitably involves the assumption of a particular perspective on that work.

By inference then an approach to such work in a combined role, such as the practitioner-researcher contemplates, leads to yet a third perspective. It is this perspective that will perhaps evolve as I try to combine my two roles into a third. This process would seem to be what Plato had in mind when describing the ever changing flux of Becoming that is discerned by the bodily senses and which is in contrast to the changelessness of the higher world of Being and which is perceived by the mind. It is a process reminiscent of the realities of Schön's 'swampy lowlands' and is echoed in what McNiff (2001), in a lecture to my doctoral class, has called an '*ontology of becoming*'. It is an ontology that fits with my understanding of the non-positivist evolution of philosophy discussed earlier and also with the knowledge-production system that Gibbon et al characterize as 'mode 2'. It is an ontology to which I find that I can subscribe.

Turning to the second of Guba and Lincoln's questions on epistemology I found that I was clearly attracted to the Platonic and Hegelian 'Ideas' that were discussed earlier. However I did not see a link emerge from this philosophical foundation to a practical research paradigm with which I could answer the question posed by Lincoln and Guba. However, whilst constituting a discontinuity of thought with the growing complexity of

European philosophy in the nineteenth century, the emergent pragmatism of American philosophy of the same period seems to offer such a practical way forward for the practitioner-researcher who has strayed from the positivist straight and narrow. The early philosophers in this tradition, Pierce and James, crafted a 'pragmatic' approach to the theory of the meaning of words and concepts, according to their practical significance. Using this theory they went on to test the relationship between thought and action.

This foundation was built upon throughout his long career by John Dewey who consistently advocated the application of both thought and action to the knowledge creation process. It is perhaps not appropriate to dwell further on Dewey's work in this document other than to point out that he would seem to have been seminal in influencing not only American thought in the field of education but also the American view of democracy itself.

It seems possible to detect Dewey's continuing influence in the work of later American writers in fields such as sociology, psychology and management research right up to the present day. Indeed, the practical nature of proposed future research in my field of interest, as suggested by Gouillart and Sturdivant, Foster and Cadogan, and Fournier has already been identified in Chapter 2. Thus it is perhaps not surprising that the pragmatic outlook on knowledge creation, which may be seen to be the fruit of the transatlantic transportation of Classical and Modern European philosophy, provides, for me, an attractive means of responding to Guba and Lincoln's epistemological question.

### **3.4 THE METHODOLOGICAL CHOICES**

Of course, having asked their '*three questions*' of the social researcher, Guba and Lincoln are prepared to offer their own answers to all three. They do this by reference to what they see as four competing paradigms that deal with the first principles or worldview that the researcher has. However, the methodological choices available to the researcher for knowledge creation are necessarily constrained by the chosen response and position initially taken on the issues of ontology and epistemology.

In the earlier discussion of my ontological and epistemological choices I have clearly rejected the positivist paradigm and I would take the view that my ontological and epistemological preferences for 'becoming' and 'pragmatism' also lead to a rejection of Guba and Lincoln's post-positivist proposition. This would leave me searching for a methodology that fits within what these writers see as the '*Critical Theory*' and '*Constructivism*' paradigms. However, since they note that the objective of methodology within each paradigm is to

aim at the reconstruction of previously held constructions (p. 112)



then I feel free to resolve the methodological choice between these paradigms by reference to practical issues that will go on to define not only my chosen methodology but also the methods to be used in this research.

**3.4.1 Reviewing research methods**

It is clear that on a continuum of research methods such as that constructed by Burrell and Morgan (1979), those that are congruous with the ‘Critical Theory’ and ‘Constructivism’ paradigms may be clustered around what these writers call ‘ideographic methods’. Such research methods, say Gill and Johnson (1997),

emphasize the subjective element of research and attempt to get inside situations and involving oneself in the everyday flow of life. (p. 37)

Thus, in order to keep within my paradigmatic imperative on methodology, the choice of research methods open to me seems to point towards selecting from the vast array of data collection and analysis processes that are often generically grouped under the arcane banner of ‘Qualitative Research’. These are commonly understood to include, for example, interviews, surveys, observational techniques, action research, ethnography and others too many to review in detail here.

A useful way of beginning a selection process between qualitative research methods would seem to be to adopt a classification by Primary and Secondary methods of data collection. This is the approach taken by Marshall and Rossman (1999) who suggest the following rudimentary, yet useful, classification:

PRIMARY METHODS	SECONDARY METHODS
Participation	Life Histories
Observation	Narrative Inquiry
In-depth Interviewing	Historical Analysis
Ethnographic Interviewing	Films Videos & Photographs
Phenomenological Interviewing	Kinesics
“Elite” Interviewing	Proxemics
Focus Group Interviewing	Unobtrusive Measures
The Review of Documents	Questionnaires and Surveys
	Psychological Testing

These writers go on to examine the strengths and weaknesses of each method and conclude that whilst all methods display both characteristics it is the researcher’s role to select a flexible array of qualitative methods that should be related to the type of information that the research seeks to examine. This ‘horses for courses’ approach is supported by Robson (1993) who seems to take an even more hard-headed line when he counsels that

Anything you propose to do must be within the constraints of available time and resources. (p. 189)

But that

You need not be the prisoner of a particular method or technique when carrying out an enquiry (p. 291).

It would seem appropriate then at this point to consider what type of information I seek from my research, what resources I will have available for it and whether I can construct an appropriate framework within which to make use of a selection of research methods that will assist in the enquiry.

The clear outcome that I seek from this work is an improvement of the 'customer satisfaction' problem that I outlined in Chapter 1. Since this issue is intimately entwined with my work situation it seems inevitable that my participation in the collection of data and continued observation of the environment will be central to the research as I try to bring about improvements to my predicament.

Naturally, resources are constrained to some extent but the importance of the task at hand means that I will bring to bear as much energy as I can and will also hope to motivate and persuade others in the company to participate in helping to effect changes for the better.

If participation and observation are to be methods central to the research I would also expect that the highly pragmatic first step of confronting the research problem through customer interviews will transpire as being an equally integral part of the eventual tool kit of research methods. With the various ways that interviews can be structured, and the theoretically almost limitless number of potential sources for interview, this must rank as a preferred as well as primary method of data collection for this research.

It may well be that, as the research progresses, direct discussions with customers are augmented with surveys and questionnaires but I would instinctively reject these on the grounds that primary source data should be used in an enquiry of such gravity. Indeed, interviews have the advantage of immediacy in that the data is available for analysis as soon as the discussion is finished whilst I am only too aware of difficulties that may develop in garnering meaningful responses through a written data collection process that depends on the participant finding time to respond.

In so far as records, in the form of correspondence or presentations, have been kept of the relationship between my company and its customers then these will also constitute useful primary data for the research. However, on the basis of looking ahead and not becoming imprisoned by the past, I would rather look to the analysis of records that develop during the course of the research as fruitful indicators of progress and I note the use of content analysis in the understanding of such records.

I am not sure that psychological testing is an appropriate method of data collection in a customer supplier relationship and so would tend to discount it on these grounds alone. Further, whilst life histories, narrative enquiry, historical analysis and film may be nice to



have in this study and would undoubtedly enrich the emergent understanding of the issues at hand, I would be concerned that time constraints imposed by a need to get on with the job may render these methods less useful than others.

### **3.4.2 Reviewing research frameworks**

Of the frameworks for '*ideographic methods*' that emerge from the work of Burrell and Morgan I believe that it would be inappropriate to label this research a 'survey', nor indeed to seek to drive it in that direction. The term has connotations of a distance between the researcher and the place of his research that I would find quite incompatible with bringing about a resolution to the root research problem. If I have a customer issue, then my instinct as a manager is to go and find out what the problem is and not to carry out an arm's length survey. Such a 'survey' framework would seem to sit too close to the positivist and post-positivist paradigms that I have already rejected.

Burrell and Morgan offer ethnography as another context for research method selection and it seems clear in the light of much social science literature that it is one of the prime research tools of the social researcher. Indeed, a spirited case for its use is made by Brewer who in my estimation succeeds in his attempt to, as he puts it, '*rescue*' ethnography from

those post-modernist critics who deconstruct it to the point where it dissolves into air. (p. 7)

Brewer claims a 'common sense' stand point for the techniques of data collection that he sees as making up the landscape of ethnography and his approach is attractive. However, whilst I accept that ethnographic methods of social research are quite capable of providing the researcher with a rich understanding of his subject, it is precisely this focus on understanding alone through the presentation of 'thick description' that would perhaps not satisfy my need not only to understand but also to bringing about change in the research environment. This requirement for change in the research environment would seem to equate with a search for a methodological framework that links the methods of data collection to the ontological motion of 'becoming' and to the epistemology of pragmatism.

I observe that Kurt Lewin may be seen as not the least among the successors of the pragmatist Dewey. It was he who coined the term '*action research*' (Lewin 1946) more than 50 years ago and whilst he does not seem to have arrived at a comprehensive definition of the idea, he uses the term to describe research activities within organisations that are focused on the requirements of these hosts.

The four main themes of Lewin's early work are précised by Argyris (1993) who points out that Lewin perceived social science as the study of real life problems. Indeed, Lewin

frequently used the phrase '*problem centred research*' in his work and he went on to connect the problems being studied to theory as a step towards integrating theory with practice. The second feature acknowledged by Argyris is the way in which Lewin designed his research by first framing the whole and then differentiating the parts. Clearly, he was aware of the limitations of studying the complexity of social events in their entirety and of the simplification that the isolation of single behavioural elements could bring about.

Then, through his twin convictions that understanding could only be gained by attempting to change the situation being studied and that the researcher's role was to intervene in the situation in order to bring about the required change, Argyris points out that Lewin arrived at constructs that could be useful in generalising from the research. Finally, the significance of Lewin's insistence on perceiving the role of those being studied as clients rather than subjects completed the ground-work for the development of a series of collaborative problem-solving research methodologies which emanate from Action Research and whose aim is to solve a problem and also to create new knowledge.

It would seem that the ideas that underpin the methodology of Action Research (AR) are consistent with the earlier discussion of ontology and epistemology and that it is reasonable for me to expect to follow a methodology from the Action Research family in my work.

Having answered the three critical Guba and Lincoln questions, the writers predict that I should be in a position to define '*what I am about*' as a researcher. Indeed, synthesising the discussion above I feel able to say that the research stance that I shall endeavour to adopt in this work consists of a pragmatic '*ontology of becoming*' combined with an epistemology of knowledge creation through thought and action which in turn will be realised through a collaborative problem-solving research methodology.

In outlining the thought process that has brought me to a point where I can make such a statement, I would hope that the ontological and epistemological components of my stance will continue to be evident in my work as it evolves. However, it is perhaps appropriate to narrow down the methodological issue still further before closing this chapter.

### **3.5 ACTION RESEARCH – A DESTINATION?**

In terms of a methodological paradigm, I must consider if Action Research (AR) provides a strong platform upon which to build a study whose objectives are intensely practical in terms of the '*actionable outcomes*' that Ritchie and Spencer (ibid.1994) identified at the



beginning of this chapter. Certainly the term '*Action Research*' seems today to cover a very broad church of research methods in practice and Greenwood and Levin (ibid.1998) point out that each tends to have its own particular and distinct emphasis.

I am less interested in the AR methodologies that have developed through a wide sociological approach, an example of which is Participatory Action Research and which in turn has also spawned several different sub-approaches to AR in sociology. These methodologies are essentially community-based strategies aimed at exploring an egalitarian interpretation of the lived experience of community members. More relevant to my work is, I believe, the strand of Action Research thinking that has developed in an organisational context and therefore may be seen as evolving directly from the contribution of Lewin.

In the United Kingdom this innovative approach to social science research was piloted by the Tavistock Institute in the by now classic study of the Glacier Metal Company between 1948 and 1951 and by work carried out among Durham coal miners. As a personal aside, I recall being taught a course entitled '*Organisation Theory*' by Ken Bamforth (who published together with Trist) at Leeds University in the early 1970's.

This line of progress avoids the positivistic, social engineering approaches that can be found within the field of Organisational Development and makes its contribution, according to French and Bell (1995), to the more humanistic line of attack in that field which emphasises empowerment and

the articulation of the change agent's values designed to facilitate visioning, learning and problem solving in the interests of a collaborative management of the organisation's culture. (p. 28)

This definition of Organisational Development in turn appears to underpin some of the ideas that later contributed to work on organisational learning which seem also to have encompassed the Action Learning methodology advocated initially by Revans (1998). Essentially this approach proposes that participants in what Revans calls '*learning sets*', select an issue in the organisation, study it, make and implement plans for change and then reflect on the outcome. The methodology, although subsequently developed by Marquardt (1999) and Weinstein (1999) among others, appears to be weakened by its lack of focus on establishing theory at the end of this process and it would seem that it is this more project based application of Lewin's ideas that differentiates Action Learning from Action Research.

Argyris too has published widely on organisational learning (see particularly 1999) but has made the social scientist's dilemma of choosing between rigour and relevance

central to the way in which he has adapted Lewin's Action Research heritage in that context. He concludes that:

From the action researcher's perspective, the challenge is to define and meet standards of *appropriate* rigor without sacrificing relevance. (Italics in the original) (p. 432)

The same writer goes to great lengths to point out the alignment between the various branches of the AR family. In his own modification of the basic methodology, which he calls Action Science, Argyris subscribes to the values and participative strategy of AR but suggests that participants make use of their cognitive processes to guide their behaviour. Argyris' claim is that what he calls the participating individuals' *'theories in use'*, may first be identified and then used to predict the consequences of the application of these theories by a process of reflection on action. He classifies these *'theories in use'* into what he calls *'Model I'* and *'Model II'* typologies. The former includes strategies for control, self protection, defensiveness, smoothing over and covering up and are characterised by obstructing Action Science whilst the latter group includes strategies eliciting valid information, free choice and commitment and underpin an environment where Action Science can thrive.

However, Argyris recognises that in order to break out from negative *'theories in use'* and to embrace a more positive approach to the work (even to bring about an alignment of theories in use with the participants' espoused theories) requires a capacity to reflect and change among all contributors to the research. To encourage and bring about this end he advocates a process that he calls *'double loop learning'*.

Essentially, Action Science focuses on the cognitive processes of participants and attempts to deal with the inherent difficulties of this approach through a process designed to bring to the fore a recognition on the part of contributors that it is they that can bring about positive change through learning.

A further refinement to AR methodology has been proposed by Torbert in a long series of publications (e.g.1981; 1992) who, in outlining what has become known as Action Inquiry, addresses the perspective taken by Argyris but also advocates that outcomes of the research be measured and that the researcher monitor the quality of his attention to the work through a process of reflection. The crucial difference between Action Science and Action Inquiry would seem to be that the former seeks to bring about change in the individual as a step towards organisational change whilst, as Reason (1994) points out, the latter attempts organisational transformation as a first step towards establishing a collaborative and self reflective community of inquiry.



Torbert makes the practice of Action Inquiry conditional upon valid knowledge of four ‘territories’ of human experience. These are:

- 1) An intuitive or spiritual knowledge of the purposes of the system being researched
- 2) A cognitive knowledge of the theories underlying the system’s strategic choices
- 3) A practical knowledge, based on interpersonal skill, of the behavioural choices open to the system
- 4) A knowledge of the outside world, which gives an understanding of the consequences of this behaviour.

Torbert also takes the view that the practice of Action Inquiry requires a significant degree of self-development on the part of the researcher and that it is only in the latter stages of this development that he becomes truly conscious of the substance of participative research. In the context of a DBA, which is also to some extent a personal development tool, this view would seem to pose not only a challenge but also a framework for the training process, which I wish to undertake.

However, if the substance of participative inquiry is indeed only revealed late in the research and then to what might be called the ‘*lead researcher*’, it might be said that Action Inquiry is too intensely personal a methodology (particularly in the early stages of the research) to add value to the system being researched. The robust answer to such a criticism must lie in the original purpose of all AR oriented methodologies which aim to go beyond a modernist understanding of social science with the intention of solving organisational problems but within a different understanding of the balance between, and meaning of, rigour and relevance. As Ellis and Kiely have come to understand matters in the context of Action Inquiry:

... action inquiry strategies do not subscribe to the idea that one general solution can fit multiple situations, but rather seeks to establish a dynamic and ongoing inquiry appropriate to resolving local problems. (p. 9)

### **3.6 METHODOLOGY? – THIS METHODOLOGY**

In attempting to answer the question in the title of this chapter by reference to classical Greek philosophy and modern social science, I have found myself on an inspiring journey of discovery and learning. I hope that the tone of my writing has conveyed this to the reader. However I recognise that the purpose of this journey has been to synthesise a sustainable methodological stance upon which to build the research that is to follow.

Through my early reconciliation of the ancient with the modern literatures I understood that the methodology to which I ultimately subscribe must lead to an understanding of

the phenomenon being studied. In pursuit of this aim I then focused on a discourse concerning the researcher's dilemma on choosing between a positivist and non-positivist approach and found that whilst philosophy frames its horns well, it is in the work of contemporary social scientists that the tips are sharpened!

Having as a result of this discourse declared in Section 3.3 for an '*ontology of becoming*', and thus for a non-positivist epistemological preference, I found that the literature of modern management writers complemented my choice by providing an array of practical methodologies under the umbrella of Action Research. In so far as all AR methodologies may be thought of as being riskier and more difficult than those proposed by normative social science, my selection of a research strategy from within the paradigm has been driven by a desire to reduce the risks to the research itself.

I would see the risks of all practical methodologies primarily in terms of the need to secure and maintain the co-operation of those with whom the practitioner-researcher will be working during the research. I conclude that a well managed Action Inquiry strategy will, in this case, allow me to reduce these risks as, by its nature, the approach makes the collaborative aspects of the work clear and appealing to potential participants.

I recognise that the successful management of such a strategy is ultimately down to me. Indeed, Dick (1993) points out that the researcher's chosen methodology must suit the preferences of the lead researcher in terms of his possibilities, personality and career aspirations. As a result of the reflection prompted by the writing of this chapter, I am comfortable with the view that an Action Inquiry strategy matches well with my own characteristics as a person, manager and, I trust, practitioner-researcher.

However, Dick also believes that such a strategy should clearly fit with the research context that in this case is finely balanced on the cusp of the relationships between my company and its customers. I would rationalise the use of Action Inquiry in my particular research context by reference to Torbert's four 'territories', discussed in the previous section, and would argue that by embarking on this research I have demonstrated an intuitive knowledge of the purposes of the system being researched, that in the literature review of Chapter 2 I have begun to build my cognitive knowledge of the system's strategic choices and that I expect to strengthen this knowledge as the research progresses. By virtue of my role in my company I have a practical knowledge of the behavioural choices open to the system and through my accumulated experience with my employer I also have knowledge of the consequences of these choices.



Finally, as this reflective journey through a wide range of literatures comes to an end, I feel that I have justified, certainly to myself and I hope to the reader, the adoption of an Action Inquiry strategy in this work.

## **Chapter 4 - ON METHOD**

Having reviewed the literature in which my research will be grounded and addressed the methodological foundation that I propose to use in the work, I now formulate the research questions and consider issues of research design.

### **4.1 RESEARCH QUESTION (A)**

*What is the strategic market environment in which my company is operating?*

The first research question seeks a description of the strategic market environment within which my company is operating. Such a description is of particular value at the outset of my research for three reasons. Firstly, Stake (ibid.1994) and Yin (1994) independently point out the importance of what the former calls '*bounding the case*' and the latter '*defining the unit of analysis*'. Secondly, I see such a strategic analysis as part of an initial benchmarking within my 'new job' situation which will assist both myself and the reader to set events in context and to achieve an understanding of them as the research unfolds. Finally, and in so far as I succeed in attaining the desired insight, I expect my response to this research question to realise the holistic perspective considered by Zineldin (see Chapter 2) necessary for the creation and sustenance of strategic, collaborative relationships. Since this description may be considered as not being central to the research as a whole, it will be placed at the end of the main body of the work as the first Appendix to this thesis.

This description of the strategic market environment will be achieved through a review of the company's worldwide structure and how this is reflected in my own work situation. Following this I shall attempt to compare the company's living strategic approach to business with its espoused approach and attempt to locate both within the literature of strategic management. Finally, I shall examine the specific business environment within which this research is set.

### **4.2 RESEARCH QUESTION (B)**

*Who are our important customers, with which customers do we have a relationship, with whom do we want to have a relationship?*

My early experience in the work situation in which this research will be carried out, suggests that the apparent loss in confidence in my company is broadly spread throughout the overall customer base. However, it is also true that relatively few customers account for a substantial proportion of total invoicing. These seem to be large companies who are both business and opinion leaders in the industry within which my company operates. As a practitioner, I believe it would be beneficial to concentrate



the research on these few customers and, by working with them, to understand the reasons for their loss in confidence in my company.

As a researcher I must consider if defining 'the unit of analysis' in this way is appropriate – certainly the work of the IMP Group, discussed earlier, would suggest that it is. Bearing in mind the applied nature of the research being undertaken, such a selection would seem to be justified as long as the value to the business of each selected customer is understood and documented, for as Fournier et al point out (see Chapter 2) it is the value of the bottom line that justifies commercial relationships. Such a selection and documentation will be among the first steps to be taken in the research and will be based on a ranking of customers by actual sales volume.

In addition to this objective criterion, a more qualitative estimation of the perceived potential for future business with each customer will be obtained through discussions amongst managers currently employed in my company. I consider these discussions as my first steps in establishing a collaborative and self-reflective community of inquiry in the manner highlighted by Reason (see Chapter 3) as a fundamental condition of organisational transformation through the application of an Action Inquiry research paradigm.

A synthesis of both sets of data will then be made in order to select the customers who will participate in the research.

### **4.3 RESEARCH QUESTION (C)**

*What is it that the customers consider valuable in our business-to-business relationship?*

In considering, from a practitioner point of view, my company's side of a putative set of customer relationships I propose to look for causes of the current unsatisfactory state of affairs within my organisation from a perspective similar to that drawn in the literature of the IMP Group, discussed in Chapter 2. Whilst the work of those researchers has concentrated on both sides of the business-to-business relationship, from my position within one of the interacting parties I recognise that my view will be different to that taken by a classical IMP Group approach.

However, like the IMP researchers I must recognise that the situation with each customer is the product of a bilateral association over, in many cases, a number of years during which time the people participating in the business from both sides have certainly changed, and perhaps more than once at that. I am lead to the perhaps not revelatory view that, in a business-to-business environment, commercial dealings are carried on by people who, for a certain moment in time, are responsible for maintaining and nurturing the connection between two companies and that the state of the relationship, whilst to

some extent a product of the past, is susceptible to influence by actions in the present. A consequence of this truism is that it is in fact I, together with members of my organisation and a small number of people in the customer organisations, who will determine the state of our corporate relationships in the future.

It is likely that early steps in this research will already reveal whether there is any real enthusiasm on the part of the customer base to build our current commercial interaction into what could be described as a 'relationship'. As I have noted in Chapter 2, Blois recognises the problem inherent in making the step from business dealings to a business relationship and points out that there is no easy solution to the question as to what type of relationship a supplier should seek to develop with his customers, for it will depend on what the customer is ready to invest in the partnership.

Naturally, as Blois observes, an engagement in a relationship with the customer entails a degree of risk to the supplier but he also suggests that the way to minimise this risk is to ensure that value is added to the customer by the supplier's relationship fostering activities. The underlying purpose of this third of the research questions is of course to make sure that as the research progresses I concentrate on areas that are likely to be appreciated by the customers. This is a practical concern that would seem to resonate with other literature reviewed in Chapter 2, for example that which explores value as an attribute of a service or product. Indeed, I recognise Raval and Grönroos', concerns discussed in the same chapter, that attempts at adding value should be customer oriented. How then to determine what the customers do in fact think about our relationship and what in it is of value?

#### ***4.3.1 A method for establishing what the customers think***

The dedication to George Kelly's (1955/1963) benchmark contribution to the psychology of personality "A Theory of Personality" reads:

To a lot of people I know, and some I don't, most of whom I like, and some I don't, but acquaintances or strangers, friends or scoundrels, I must confess I am indebted to them all. (p. ix)

Whilst on one interpretation of this quixotic sentence Kelly perhaps means to convey a summary of his theory in the form of an aphorism, another reading suggests itself to me. I am indeed 'indebted' to an array of people in my business environment but not in the sense of gratitude but rather in the sense of dependence and, in so far as our business dealings continue, then the 'customers' are dependent on 'my company' in the same way. I am drawn to an application of Kelly's Theory in this work because it is clear to me that the corporate relationships that I wish to examine are actually made up of several relationships between individuals.



The Repertory Grid Technique (RGT) is grounded in the theory of Personal Construct Psychology (PCT), which was first propounded by Kelly in the 1930's and written about in the book mentioned above. There is a strong case to be made for seeing Kelly's work as one more fruit growing out of the work of the American pragmatist philosophers discussed in Chapter 3.

The Repertory Grid Technique was developed by Kelly during the 1950's as a diagnostic tool for applying PCT in the practice of psychology. Later, in the 1960's, applications for RGT started to be found in areas such as market research and training. This development is perhaps not surprising for as the phenomenological paradigm began to grow in importance in social research so its practitioners wished to explore the patterns that people detect in the world as they see it around them. Kelly calls these patterns *constructs* and RGT may be used to elicit them in a wide range of situations. In terms of its use in management research, Peters (1994) makes the telling point that RGT is in fact one of the few techniques available to management researchers that is linked to "*full-blown psychological theory*". (p. 24).

Since RGT uses nothing but people's own words and concepts to identify their construct map, the interview procedure does not impose an external framework on the discussion. As a consequence, RGT elicits the world-view held by the interviewee by building up the information provided without introducing observer bias. The practical difficulty in construct development for this research is how to obtain information from the customers that relates to their perception of our business contact without appearing to be 'pushy' and without further damaging what is at the moment a precarious situation. This requirement for a discerning and discrete approach to a specific situation is one that is well catered for by the repertory grid technique. Easterby-Smith et al. (1996) point out that

if people's actions are determined largely by how they understand situations and other people then the grid provides an excellent means of uncovering and representing that understanding. (p. 3)

The advantage of being able to record the progress of an RGT interview using computer software would offer the chance of building up construct maps over a period of time and of involving interviewees in their interpretation. This, in turn, holds out the opportunity of offering ownership of the research process to all participants – a fundamental methodological condition of Action Inquiry. Enquire Within™ is a computer program designed to facilitate construction and analysis of repertory grids and prepared for a dendric analysis approach to RGT. I will make use of Enquire Within™ to distil those constructs that seem to be the most important in the relationships with the selected participating customers.



I would expect to achieve this through a two-stage approach. Firstly, I will use the tool myself as a means of examining my *'own ideas and values'* in the manner anticipated by Easterby-Smith et al. (ibid.1996) and so arrive at an exhaustive list of factors that may be of significance to my company and the participant customers. Indeed, one of the documented uses of the Enquire Within™ program (Stewart and Mayes 1997 - 1999) is in *'downloading the map of an expert'* whose know-how the researcher wishes to understand. In this situation it will be my expertise, as a practitioner with fourteen years of experience in my company's industry, that the program will be being used to identify.

As a next step I will discuss, with the managing directors of those customers who will agree to participate in the research, the constructs that I develop from my own use of Enquire Within™. In considering business applications of the repertory grid technique, Stewart (2000a) makes the point that it is important to have an understanding of the super-ordinate purpose of applying the grid. With this in mind, I would expect this second step to help in achieving a convergence in the definition and understanding of those constructs important to the bilateral business contacts between my company and the selected participating customers. It may be possible during these discussions to mutually agree on a limited number of constructs that are important to all participants in the research.

#### **4.4 RESEARCH QUESTIONS (D)**

*What is the standing of my company with those customers selected to participate in the research?*

Certainly, whilst at this stage of the work it remains to be seen what the customers feel, from my perspective this research is based on the accepted view offered by Hakansson (1982) and Hallen (1991) that exchange in business-to-business markets occurs in the context of long-term, interactive relationships, where both supplier and customer companies are active participants in a relationship with each being able to influence the activities of the other. However, in my 'new job' situation this did not appear to be the perception of all stakeholders.

The proposition of this work, already I believe well argued in the literature review presented in Chapter 2, is that by viewing 'customer satisfaction' as a proxy, the issue of customer confidence and falling sales may be addressed by attention to the links envisioned in the Service-Profit Chain model. This research question recognises that in order to chart the evolution of this approach, a means by which both my company and the selected participating customers could view improvements in our business contacts in terms of 'customer satisfaction' should be established. However, the measurement of customer satisfaction seems to be a difficult construct to tie down and has not so far been considered.



Both the positivist (Hallowell 1996) (Chenet, et al. 2000) and qualitative (Duffy 1998) (Blois 1998b) (Galbreath and Rogers 1999) routes have been actively explored during the 1990's and are currently still of interest to researchers. After Philips' (1981) doubts concerning the reliability of the '*key informant*' as an authoritative responded on behalf of the organisation, discussion about appropriate methods for measuring 'customer satisfaction' in business-to-business contexts has centred on the search for a reliable proxy. In their highly practitioner oriented work, Hill and Alexander (1996) propose a positivist perspective on just such an approach for both consumer and industrial marketing environments.

It is important to record at this stage that this study is not concerned with the measurement of absolute levels of 'satisfaction', nor is the relative satisfaction of the various participating customers at issue. My aim in this work is rather to arrive at a mutual agreement with customer organisations as to the current status of the buyer-seller relationship between our companies, viewed through the perspective of customer satisfaction, and then to act to improve it in the believe that the principles of the SPC will pertain.

The requirement of any assessment of customer satisfaction in a business-to-business environment is to assess the entire relationship between the supplier and the customer. The unit of analysis then moves from the level of the individual to that of the complex relationship and my chosen, and I believe reasonable, approach in this work is to interview a group of managers nominated by the managing director of the responding customers organisation.

Rosen and Surprenant (ibid.1998) point out that traditional measures of satisfaction in the service sector view the concept on a discrete transaction basis and frequently assess the construct only from one partner's point of view. Following research undertaken in a business-to-business context they come to an appreciation that measuring the health of a relationship, a possible interpretation of the aim of this research, should not rely on static measures and that

instruments designed to measure relationship maintenance issues must include items which evaluate the changing nature/importance of communication, flexibility and planning to the relationship. (HTML Version, 'Discussion' Section, Paragraph 5)

In examining the standing of my company with the selected participating customers I took note of Rosen and Suprenant's views on the desirability of measuring instruments having a cyclical character. The process by which I estimate my company's standing, and which I outline below, is designed in such a way as to be fully reproducible. As a



consequence, not only will a benchmarking set of interviews be carried out at the outset of the research but the procedure will also be repeated later in the work so as to evaluate any eventual changes as the research progresses.

In evaluating the position of my company I will continue to make use of the RGT but will go on to make use of Enquire Within™ at the next level of complexity. This will involve interviewing key managers from the participating companies and asking them to rate my company against others active in the industry in terms of the mutually agreed constructs. The outcome of the ranking and the analysis of the resultant repertory grids will enable me to see how my company is viewed in its market place by the customers and so to address directly this research question.

In designing this portion of the work I expect that the interviews will generate a number of insightful comments made by respondents. These will be analysed using the NUD\*IST computer package for qualitative data analysis. This analysis of supplementary data from the interviews is expected to add depth to the response to Research Question (D) by enabling me to form a view on which of the constructs require most urgent attention in my efforts to improve the overall situation.

#### **4.5 RESEARCH QUESTIONS (E)**

*What must I do to improve the poor situation that I perceived at the outset of this research?*

The data collected in response to Research Question (D) is to be used in designing interventions aimed at improving my company's business contact with the customer base. These interventions, their design, implementation and subsequent evaluation will constitute the content of Cycles 2 and 3 of this research and as such, at the moment of posing the research questions, I am content to let the method evolve during the research and so to maintain the flexibility offered by the Action Inquiry approach that I have embraced.



## **Chapter 5 - CUSTOMER SELECTION**

This chapter will address both the matter of '*defining the unit of analysis*' of my research, after Yin (ibid.1994) as well as the substance of Research Question (B). It will outline the steps taken in selecting, from my current customer list of twenty-nine, a smaller number to be invited to participate in the research. This is an important process because the difficulties that form the background to the project seem to surface throughout the customer base yet this work cannot, for obvious practical reasons, include all of the customers. Nevertheless, the outcome of the research should be felt by as many of the non-participating customers as possible if an overall improvement in my company's circumstances is to be achieved.

There are several criteria that would seem to be relevant to the process of participant selection. Firstly, the volume and profitability of the business that each customer represents is certainly a worthy criterion. At the same time it is worth remembering that business constellations permanently shift and that today's winners need not be tomorrow's best customers. Thus a second criterion for selection would seem to be the opportunity for future business that each customer represents starting from its current position.

Certainly other procedures could be found to facilitate such a selection process. For example, a third criterion could be a customer's ability to influence opinion in the industry and thus to bring about a change in the industry wide perception of my company. However, such a measure is difficult to profile due to its highly subjective nature. Consequently I decided to work with the first mentioned criteria, which combine both an objective and subjective view whilst taking into account the actual business situation as well as future business possibilities.

In applying the first criterion I used accounting data to establish a list of all customers who were active in 2000 and to aggregate the total revenues, in Euros, that their custom brought to my company. This wide-ranging definition of 'total revenue' meant bringing together sales figures from all three-product areas in which my company is active, i.e. processing, packaging and plastics. Sales within the packaging business stream were examined at the level of one of the three packaging systems that are in our portfolio. Each customer was then allocated to one of five Product Categories (Processing, Plastic, Packaging System 1, Packaging System 2 or Packaging System 3) according to which of these products generated the majority of sales to him out of the total for 2000.

The assignment of each customer to a Product Category according to his main business with my company ensured that his main area of activity was highlighted from within the



total turnover figure and so illuminated the current focus of the business relationship. As it happens, all of my company's customers spent most of their money in 2000 on one of the three packaging systems that we offer in the market.

Table 5.1 shows the outcome of this exercise in descending order of sales revenue by customer and is the result of a 'sort' using Excel. The same table also shows the outcome of a calculation that takes 70% of total 2000 revenues and picks out the customers that account for this figure. It appears that sales to six customers, out of a total of twenty-nine, made up this amount of revenue and their names are highlighted in **red bold** in the table. Examination of records and discussion with managers in my company suggested that the year 2000 was not exceptional in any way and this distribution of sales is recognised as usual within the business.

Table 5.1			
Customer Selection - STEP 1			
CUSTOMER	PRODUCT CATEGORY	REVENUE (EURO)	SUB-TOTAL ENCOMPASSING 70% OF REVENUE
<b>ATHENA</b>	System 1	29.598.071	59.448.223
<b>ZEUS</b>	System 3	10.542.521	
<b>APHRODITE</b>	System 2	6.750.522	
<b>HESTIA</b>	System 2	5.405.934	
<b>POSEIDON</b>	System 1	3.890.119	
<b>HERA</b>	System 1	3.261.056	
<b>ARIS</b>	System 1	3.076.990	
APOLLO	System 3	2.666.152	
HERMES	System 1	2.392.091	
ARTEMIS	System 1	2.167.501	
HEPHASTUS	System 1	1.896.165	
PERSEPHONE	System 1	1.743.205	
<b>DEMETER</b>	System 1	1.492.710	
DIONYSUS	System 1	1.252.476	
EROS	System 1	1.095.105	
HEBE	System 2	972.700	
HELIOS	System 1	883.433	
PAN	System 1	867.303	
NEMESIS	System 1	656.335	
<b>URANUS</b>	System 3	651.558	
ATLAS	System 1	535.529	
PHOEBE	System 1	534.566	
KRONUS	System 1	424.131	
THEA	System 1	311.257	
PHEA	System 1	249.225	
THEMIS	System 1	185.732	
PROMETHEUS	System 1	159.788	
COEUS	System 1	90.003	
OCEANUS	System 1	52.311	
<b>TOTAL</b>		83.804.489	
70% of TOTAL		58.663.142	



The content of Table 5.1 was subjected to a wide ranging discussion among my company's management group with a view to examining if any of the remaining twenty three customers, who together of course accounted for 30% of total 2000 revenues, represented a high level of future potential which may not have been obvious from a simple reading of current turnover data. As a result of this reflexive discussion, a further three customers were identified as having significant future development potential. These are differentiated in **blue bold** in the table.

Having identified a total of nine customers who as a group either generated 70% of turnover in 2000 or who seem to have the potential to increase their contribution to my company's sales significantly, the next step in the process was to select the planned five target customers. An Excel spreadsheet was generated including the following criteria:

- a) Willingness to partner
- b) Degree of innovation orientation
- c) Increasing trend in revenue from that customer over the last three years
- d) My company's current share of business with that customer against industry competitors
- e) Increasing trend in my company's share of business with that customer
- f) Current level of gross profit generated from that customer
- g) Potential for gross profit growth with that customer

Again, using the management group forum within my company, each of the nine customers was discussed in the context of the subjective criteria (a), (b) and (g) above. Accounting data was obtained to inform discussion on the remaining criteria. Each of the nine customers was then assessed as having a High, Medium or Low position on each criterion. These outcomes were then transposed to 'scores' from three down to one respectively and the outcomes summated for each customer.

Tables 5.2 and 5.3 show the result of this procedure as a consequence of which the five highest scoring customers on the seven criteria were tentatively chosen as preferred candidates for participation in the research. Their names are highlighted in **green bold** in Table 5.3.



<div>Table 5.2</div> <div>Customer Selection - STEP 2</div>							
Customer	Willingness to partner	Degree innovation oriented	Increasing revenue trend	Customer share	Increasing customer share trend for TP	Gross profit	Customer gross profit potential
	HML	HML	HML	HML	HML	HML	HML
ATHENA	H	H	M	H	M	H	M
ZEUS	L	M	L	M	M	L	L
APHRODITE	H	M	H	H	H	M	M
HESTIA	M	M	M	H	H	H	M
POSEIDON	M	M	H	H	H	L	M
HERA	H	H	H	H	H	H	M
ARIS	M	M	M	M	M	M	L
URANUS	M	L	M	M	M	L	M
DEMETER	M	H	M	H	M	H	H



Table 5.3

Customer Selection - STEP 3

Customer	Willingness to partner	Degree innovation oriented	Increasing revenue trend	Customer share	Increasing trend for TP customer share	Gross profit	Customer gross profit potential	Total
	HML	HML	HML	HML	HML	HML	HML	
ATHENA	3	3	2	3	2	3	2	18
ZEUS	1	2	1	2	2	1	1	10
APHRODITE	3	2	3	3	3	2	2	18
HESTIA	2	2	2	3	3	3	2	17
POSEIDON	2	2	3	3	3	1	2	16
HERA	3	3	3	3	3	3	2	20
ARIS	2	2	2	2	2	2	1	13
URANUS	2	1	2	2	2	1	2	12
DEMETER	2	3	2	3	2	3	3	18



Final confirmation of this tentative selection was sought in a further 'sort', this time by assigned product categories, of total sales revenues for 2000 amongst all customers as reported in Table 5.1. Table 5.4 is the outcome of this procedure. The names of the five provisionally selected customers from the previous steps in the selection process are shown in **red bold** or **blue bold italic** type face, depending on the origin of their selection as either one of six largest customers in 2000 (**red bold**) or based on future potential (**blue bold italic**). Table 5.4 shows total sales values by customer in descending order within each Product Category. The contribution to turnover of the provisionally selected customers within each Product Category is also calculated and shown in the table.

<div>Table 5.4</div> <div>Customer Selection - STEP 4</div>				
CUSTOMER	PRODUCT CATEGORY	REVENUE (EURO)	SUB-TOTAL OF REVENUE BY SYSTEM	SUB-TOTAL OF REVENUE BY CANDIDATE PARTICIPANT
<b>ATHENA</b>	System 1	29.598.071		
POSEIDON	System 1	3.890.119		
<b>HERA</b>	System 1	3.261.056		
ARIS	System 1	3.076.990		
HERMES	System 1	2.392.091		
ARTEMIS	System 1	2.167.501		
HEPHASTUS	System 1	1.896.165		
PERSEPHONE	System 1	1.743.205		
<b>DEMETER</b>	System 1	1.492.710		
DIONYSUS	System 1	1.252.476		
EROS	System 1	1.095.105		
HELIOS	System 1	883.433		
PAN	System 1	867.303		
NEMESIS	System 1	656.335		
ATLAS	System 1	535.529		
PHOEBE	System 1	534.566		
KRONUS	System 1	424.131		
THEA	System 1	311.257		
PHEA	System 1	249.225		
THEMIS	System 1	185.732		
PROMETHEUS	System 1	159.788		
COEUS	System 1	90.003		
OCEANUS	System 1	52.311	56.815.102	41.318.946
<b>APHRODITE</b>	System 2	6.750.522		
<b>HESTIA</b>	System 2	5.405.934		
HEBE	System 2	972.700	13.129.156	12.156.456
ZEUS	System 3	10.542.521		
APOLLO	System 3	2.666.152		
URANUS	System 3	651.558	13.860.231	11.194.079
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<b>TOTAL</b>		83.804.489	83.804.489	64.669.481



Examination of Table 5.4 clearly shows that Packaging System 1 was the largest single contributor to sales in 2000 with Systems 2 and 3 each representing just less than one quarter of System 1's sales value. Three of the five provisionally selected customers have their business focused on Packaging System 1, two of these are in the group of customers that today contribute 70% of my company's turnover whilst one is seen as having significant future potential. The remaining two customers in the provisionally selected group are focused on Packaging System 2 and are both in the group of the largest customers according to turnover in 2000.

Of the five customers provisionally selected to be invited to participate in the research, four come from the group of six customers that contributed 70% to sales in 2000 (Athena, Aphrodite, Hestia and Hera). However, two customers (Zeus and Poseidon) from this group have been replaced by others as a result of the objective assessment of their future potential in Steps 2 and 3.

Zeus, the customer with the second largest turnover, was displaced because the analysis carried out in Steps 2 and 3 suggested that the willingness of the customer to be a long-term partner was weak. It also appeared that the three-year trend in sales was downwards and that current and potential gross profit was very weak. In addition, the customer did not score High/3 on any of the criteria used at this point in the selection.

Poseidon, whilst scoring High/3 on the revenue trend and on current and prospective customer share of business did not emerge from the analysis as a strongly innovative and long-term partner. Further, even though the potential for gross profit improvement was rated as Medium/2, such improvement would be occurring from a weak base (Low/1). This was probably the key factor that resulted in Poseidon's score dropping below the level of the top five provisionally selected customers.

Of the three customers included in the selection short list based on my and the management's reflexive sense of their future potential, Demeter scored High/3 in terms of current and potential gross profit; indeed, this was the only customer to score High/3 on both these criteria. In addition my company already has a high share of the customer's business in areas in which my company operates. Demeter is also seen as an innovative company with a willingness to partner in the future and this was a key factor in Demeter's passing the selection hurdle.

Closer examination of the other two 'reflexive' candidates for selection found that, like Zeus, they did not score High/3 on any of the criteria being examined and that their final



'scores' were well below the cut off point for inclusion in the group of five provisionally selected customers and this lead to their rejection.

I am aware that by excluding Zeus and Uranus from the list of five, no participant in the research will be a user of Packaging System 3 and that the two customers using Packaging System 2 represent nearly all of that particular business. However, once Zeus is excluded from the selection, for reasons discussed above, then the remaining users of Packaging System 3 are not significant contributors to my company's revenues and I feel comfortable in not having a representative user of the system participating in the research. The apparent over representation of Packaging System 2 is a product of the history of the company and both of the customers currently focused on this system appear to be part of a solid long lasting base that I am pleased to continue working with.

I am also pleased that the selection process has highlighted the potential of Demeter and included that customer among the customers to be invited to participate. My relationship with the managing director has developed well since my arrival in the country. I instinctively feel that the customer does indeed represent significant future potential, and not only in the Packaging System upon which he is currently focused.

The final table, Table 5.5, lists the five customers who, as a result of this selection process, were subsequently asked to participate in the research.

<b>Table 5.5</b>	
<b><u>Customer Selection - OUTCOME</u></b>	
	<b>REVENUE (EURO)</b>
<b>ATHINA</b>	<b>29.598.071</b>
<b>APHRODITE</b>	<b>6.750.522</b>
<b>HESTIA</b>	<b>5.405.934</b>
<b>HERA</b>	<b>3.261.056</b>
<b>DEMETER</b>	<b>1.492.710</b>
	<b>- - - - -</b>
<b>SubTotal Selected Customers</b>	<b>46.508.293</b>
<b>Total All Customers</b>	<b>83.804.489</b>
<b>% of Total Represented by Selected Customers</b>	<b>55,5%</b>

The table also shows that, as well as being those customers with whom I and the management group see the greatest long term opportunities, these five customers



together represented 55.5% of 2000 turnover for my company. Thus if the insights of Reichheld and Sasser (ibid. 1990) and the other contributors to the Service-Profit Chain model are correct, these customers are the ones with whom we should be aiming to improve.



## **Chapter 6 - DISTILATION OF CONSTRUCTS FOR USE IN THE RESEARCH**

This chapter will deal with the matter of identifying the principal constructs that the selected participating customers consider valuable in our business-to-business relationship and as such will address issues raised by Research Question (C) and discussed in Section 4.3 above. It will describe the fulfillment of a three-step process that was undertaken in probing this question.

The first two discrete steps of the process constitute the initial use of the Enquire Within™ computer program with myself in the role of 'expert' and secondly the consultation process of this data with the managing directors (MDs) of the selected participating customers, all of whom agreed to participate in this part of the research. The background to these separate, yet complimentary, means of data collection has been discussed in Section 4.3.1 above.

What was not clear as the two data collection processes were planned was just how much data would be produced. This chapter outlines a third constituent procedure or step that was designed and undertaken to prioritise and select constructs for use in the research from among those generated by the two previously planned steps.

### **6.1 Step 1: ESTABLISHING AN EXHAUSTIVE LIST OF CONSTRUCTS – THE WRITER AS EXPERT**

To begin this step I set up an Enquire Within™ session with the following characteristics:

- 1) The purpose of the session was recorded as being:

*"To assist the practitioner-researcher in identifying constructs that may impinge on the way in which customers perceive his company"*

- 2) Whilst Enquire Within™ supports a number of prompts to be used when it suggests laddering questions, the number recommended for use by the program authors is in fact three. I have followed this advice in dummy runs and have found this number of prompts to be quite adequate in generating exhaustive lists of constructs, consequently the prompts that Enquire Within™ was asked to use in this session were:

*...in terms of their service*

*...in terms of the relationship involved*

*...in terms of how I felt about their product*



- 3) Six elements were put in place and included the five international competitors in the field in which my company is active. In addition to these 'named' elements a further imprecise element was included and referred to as 'Your Best Supplier'. The intention was to give the respondent the opportunity in the future, at the point at which the list of constructs was complete, to rate his best supplier of any product against the industry standard set by the five named suppliers. These five industry competitors would of course also be rated against the final list of constructs.

I was now able to begin the process of construct development by using the contents of the 'Develop' menu. I first entered five constructs without reference to the elements. These were based on the outcome of several weeks of reflection and were a synthesis of reading reported on elsewhere in this document as well as of my accumulated commercial experience. I marked these constructs using the 'Mark Construct' feature of Enquire Within™ and then began a laddering procedure. At this point Enquire Within™ archived the original five constructs as 'Primary Constructs', numbering them 1 to 5, and prepared to record any constructs generated through laddering as 'Secondary Constructs'. The original five constructs are listed as Constructs 1 to 5 in Table 6.1 and are differentiated from those constructs generated through the subsequent laddering procedure in Table 6.2 where they are clearly labeled as Primary Constructs and are printed in red.

The laddering of the five 'Primary Constructs' generated, after deletion of duplicate or trivial suggestions, a further twenty five 'Secondary Constructs' numbered 6 to 30 by Enquire Within™ and making a total of thirty. I then carried out a further round of laddering on these twenty-five constructs.

This second round of laddering generated, also after deletion of duplicate or trivial suggestions, a further thirty-five constructs numbered 31 to 65 by Enquire Within™ which were added to the list of 'Secondary Constructs' by the program. In the analysis that I undertook later, and which is reported on below, I differentiated the product of this second iteration of the laddering process by referring to these constructs as 'Tertiary Constructs' even though Enquire Within™ does not make this distinction. The full history of the laddering is recorded in my notes and I include in the Appendix the complete list of sixty-five constructs that I established over a two-day period.

This listing of sixty-five constructs was now taken to form the basis of the first formal discussion with the five managing directors of the selected target companies.



## **6.2 Step 2: NARROWING DOWN THROUGH AN INTERVIEW PROCESS WITH PARTICIPATING MANAGING DIRECTORS**

In my regular meetings with the managing directors of the companies selected for participation in this research, most of whom speak fluent English\*, I had already discussed many times how they viewed my company and what were the important issues for them in our co-operation. As this research had taken shape over the first months of the year 2001, I had kept them all informed of progress and prepared them for participation in what I had said would be the first step in a project aimed at improving my company's service to all customers. Thus, arranging this first formal meeting was not a problem with any of the five MDs who were all ready to spend a significant amount of time on it.

An appointment was made with each of these managers for a half-day discussion about *"what is important for you in the way you work with my company"*. These interviews were not expected to include use of the full gamut of resources offered by Enquire Within™ such as, for example, the rating of constructs against elements. Rather their purpose was to make use of the Enquire Within™ feature that allows for the prioritisation of constructs as being of High, Medium or Low importance. Each construct was to be so rated by the interviewee with a view to facilitating the selection of a more manageable, yet still meaningful, group of constructs after analysis of these interviews.

It should be recorded that all of the MDs were aware that other customers would be included in the project and that it would not be exclusive to them.

At the outset of each meeting I explained to my counterpart that I had used a computer program that facilitated the listing of items that may be important in ensuring a good ongoing relationship between companies. I mentioned that I had made a list of sixty-five such items based on my experience, observation of the current situation and on our various previous far-reaching conversations. All participating MDs agreed that this was far too large a number to address within a project framework and that we should now attempt to distil the most important ideas from this list. I made them all aware that this process would be repeated with the other participating companies and that the final list of 'constructs' would be one that appealed to all participants and that there would not be one list per participating company. I invited each MD to add any further factors that might come to mind during our discussion to the list of constructs.

At this point in each meeting I handed over a print out of the sixty-five constructs that I had generated using Enquire Within™. I explained that the purpose of this first, formal meeting was to rate each of them on a scale of High, Medium and Low importance to

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\* The exception being the MD of Hera whose English is basic. I am always accompanied to meetings with him by a Greek member of the management group in my company.



the well being of the co-operation between our two companies. I said that, after the MDs of all the participating companies had completed this prioritisation, I would analyse the outcome of each meeting together with any further ideas that may have come up during this round of discussions. I would then submit, for final agreement, to each MD a list of items ('constructs') that would be addressed in the research project.

During the interview each construct was raised up for discussion in turn and a rating assigned to it by the interviewee, which I immediately entered in to the Enquire Within™ session begun specifically for that customer. Interviewees were also reminded several times throughout the discussion to feel free to mention issues that they felt were important but which the discussion was not covering. All five managing directors commented that the discussion was wide ranging and were pleased with its tone and content. At the end of the meetings, four of which lasted the full-allocated time, all of the MDs expressed themselves satisfied that all-important issues had been raised. The discussion at Hera was laborious, because of the need for translation, but good humoured and although dialogue was limited I am sure that the MD had a full understanding of what we had done and was himself pleased with the outcome.

### **6.3 Step 3: PRIORITISATION AND CONSTRUCT SELECTION**

Once all five interviews had taken place, an Excel spreadsheet was established based on the assignment of a score of 3 for a construct with High importance to the interviewee, 2 for one of Medium importance and 1 for constructs of the lowest importance. Table 6.2 shows the scoring pattern among respondent MDs and also differentiates between primary, secondary and tertiary constructs whilst summarising the content of the 65 constructs. The 'scores' for each construct across the five participating customers were then added up with a maximum outcome of 15 per construct down to a minimum of 5.



**Table 6.2**  
**Summary of the Importance Rating of the 65 Proposed Constructs by Participant MDs**

<i>Class</i>	<i>Construct</i>	<i>Number</i>	<i>Construct Description</i>	<i>Aphrodite</i>	<i>Athena</i>	<i>Customer Demeter</i>	<i>Hera</i>	<i>Hestia</i>	<i>SUM OF SCORES</i>
Primary		1	Customer Focus	3	3	3	3	3	15
Primary		2	Strategic Focus	3	2	3	1	3	12
Primary		3	Service Focus	3	3	3	3	3	15
Primary		4	Product Focus	3	3	3	3	3	15
Primary		5	Transaction Focus	3	3	3	3	3	15
Secondary		6	Knowledge of Business	3	3	3	3	3	15
Secondary		7	Support for Marketing	3	3	3	3	3	15
Secondary		8	Customer Service	3	3	3	3	3	15
Secondary		9	Complaint Handling	3	3	3	3	3	15
Secondary		10	Strategic Alignment	3	3	3	3	3	15
Secondary		11	System Profitability	3	3	3	3	3	15
Secondary		12	Quality of Technical Service	3	3	3	3	3	15
Secondary		13	Operational Efficiency	3	3	3	3	3	15
Secondary		14	Rate of Innovation	3	3	3	3	3	15
Secondary		15	Breadth of Product Range	3	3	3	3	3	15
Secondary		16	Product Quality	3	3	3	3	3	15
Secondary		17	Eff. Of Order Processing	3	3	3	3	3	15
Secondary		18	Lead Times	3	3	3	3	3	15
Secondary		19	Order Accuracy	3	3	3	3	3	15
Secondary		20	Invoicing Accuracy	3	3	3	3	3	15
Secondary		21	Offices in Country	2	2	2	1	2	9
Secondary		22	Dedicated Account Managers	2	2	2	2	2	10
Secondary		23	Info on World Market	2	2	1	1	2	8
Secondary		24	Involvement with Multinationals	1	1	2	1	1	6
Secondary		25	Flexibility	2	1	2	1	3	9
Secondary		26	Local Emps. in Organisation	1	1	3	1	1	7
Secondary		27	Technical Sophistication	2	2	2	2	2	10
Secondary		28	Degree of Line Integration	2	1	2	2	2	9
Secondary		29	Involvement B4 order placement	1	1	1	1	2	6
Secondary		30	BB2B Web Applications	1	1	1	1	1	5
Tertiary		31	Knowledge of Food Processing	2	1	2	3	1	9
Tertiary		32	Proprietary R&D Activities	1	1	1	1	1	5
Tertiary		33	Long in the Field	2	2	1	2	1	8
Tertiary		34	Involvement in Pack Design	3	1	1	2	2	9
Tertiary		35	Access to Foreign Campaigns	1	3	1	1	1	7
Tertiary		36	Help in Choosing Pack Spec.	2	2	2	2	2	10
Tertiary		37	Help in Choosing Pack Format	1	1	1	2	2	7
Tertiary		38	Resolves Problems at Customer Site	3	3	3	3	3	15
Tertiary		39	Speedy Credit Notes	3	3	2	3	3	14
Tertiary		40	Meetings to Discuss Complaints	2	1	3	2	2	10
Tertiary		41	Customer Involved in Innovation	3	3	3	3	3	15
Tertiary		42	Trust in Confidentiality	3	3	3	3	3	15
Tertiary		43	Personal Involvement of MD's	3	3	3	3	2	14
Tertiary		44	Information Sharing	2	1	2	3	2	10
Tertiary		45	Pack Prices	3	3	3	3	3	15
Tertiary		46	Machine Costs	3	3	3	3	3	15
Tertiary		47	Availability of Service Engineers	3	3	3	3	3	15



**Table 6.2 (cont.)**  
**Summary of the Importance Rating of the 65 Proposed Constructs by Participant MDs**

<i>Class</i>	<i>Construct</i>	<i>Number</i>	<i>Construct Description</i>	<i>Customer</i>					<i>SUM OF SCORES</i>
				<i>Aphrodite</i>	<i>Athena</i>	<i>Demeter</i>	<i>Hera</i>	<i>Hestia</i>	
Tertiary		48	Wastage During Production	3	3	3	3	3	15
Tertiary		49	Competence of Service Engineers	3	3	3	3	3	15
Tertiary		50	Availability of Spares Locally	3	3	3	3	3	15
Tertiary		51	Value for Money Services	3	3	3	3	3	15
Tertiary		52	Satisfies Customer Expectations	3	3	3	3	3	15
Tertiary		53	Testing Concepts with Customers	1	2	2	3	1	9
Tertiary		54	Technical Competence	3	3	3	3	3	15
Tertiary		55	Participation in Trade Fairs	3	1	1	2	1	8
Tertiary		56	Aseptic and Non-Aseptic Systems	1	1	1	1	2	6
Tertiary		57	Full Line Responsibility	2	2	1	1	1	7
Tertiary		58	Package Integrity	3	3	3	3	3	15
Tertiary		59	Quality of Print on Packs	3	3	3	3	3	15
Tertiary		60	On Time Delivery	3	3	3	3	3	15
Tertiary		61	Order Accuracy	3	3	3	3	3	15
Tertiary		62	Efficient Transportation	1	1	1	2	1	6
Tertiary		63	Efficient Order Handling	3	3	3	3	3	15
Tertiary		64	Closeness of Factories	2	1	2	1	1	7
Tertiary		65	Integration between Production and Finance	1	1	1	1	1	5

These results were then sorted according the scores in descending order and the outcome is shown in Table 6.3.

**Table 6.3**  
**Sorting (by sum of scores) of the Importance of the 65 Proposed Constructs by Participant MDs**

<i>Class</i>	<i>Construct</i>	<i>Number</i>	<i>Construct Description</i>	<i>Customer</i>					<i>SUM OF SCORES</i>
				<i>Aphrodite</i>	<i>Athena</i>	<i>Demeter</i>	<i>Hera</i>	<i>Hestia</i>	
Primary		1	Customer Focus	3	3	3	3	3	15
Primary		3	Service Focus	3	3	3	3	3	15
Primary		4	Product Focus	3	3	3	3	3	15
Primary		5	Transaction Focus	3	3	3	3	3	15
Secondary		6	Knowledge of Business	3	3	3	3	3	15
Secondary		7	Support for Marketing	3	3	3	3	3	15
Secondary		8	Customer Service	3	3	3	3	3	15
Secondary		9	Complaint Handling	3	3	3	3	3	15
Secondary		10	Strategic Alignment	3	3	3	3	3	15
Secondary		11	System Profitability	3	3	3	3	3	15
Secondary		12	Quality of Technical Service	3	3	3	3	3	15
Secondary		13	Operational Efficiency	3	3	3	3	3	15
Secondary		14	Rate of Innovation	3	3	3	3	3	15
Secondary		15	Breadth of Product Range	3	3	3	3	3	15
Secondary		16	Product Quality	3	3	3	3	3	15
Secondary		17	Eff. Of Order Processing	3	3	3	3	3	15
Secondary		18	Lead Times	3	3	3	3	3	15
Secondary		19	Order Accuracy	3	3	3	3	3	15
Secondary		20	Invoicing Accuracy	3	3	3	3	3	15
Tertiary		38	Resolves Problems at Customer Site	3	3	3	3	3	15
Tertiary		41	Customer Involved in Innovation	3	3	3	3	3	15



**Table 6.3 (Cont.)**  
**Sorting (by sum of scores) of the Importance of the 65 Proposed Constructs by Participant MDs**

Class	Construct	Number	Construct Description	Customer					SUM OF SCORES
				Aphrodite	Athena	Demeter	Hera	Hestia	
Tertiary		42	Trust in Confidentiality	3	3	3	3	3	15
Tertiary		45	Pack Prices	3	3	3	3	3	15
Tertiary		46	Machine Costs	3	3	3	3	3	15
Tertiary		47	Availability of Service Engineers	3	3	3	3	3	15
Tertiary		48	Wastage During Production	3	3	3	3	3	15
Tertiary		49	Competence of Service Engineers	3	3	3	3	3	15
Tertiary		50	Availability of Spares Locally	3	3	3	3	3	15
Tertiary		51	Value for Money Services	3	3	3	3	3	15
Tertiary		52	Satisfies Customer Expectations	3	3	3	3	3	15
Tertiary		54	Technical Competence	3	3	3	3	3	15
Tertiary		58	Package Integrity	3	3	3	3	3	15
Tertiary		59	Quality of Print on Packs	3	3	3	3	3	15
Tertiary		60	On Time Delivery	3	3	3	3	3	15
Tertiary		61	Order Accuracy	3	3	3	3	3	15
Tertiary		63	Efficient Order Handling	3	3	3	3	3	15
Tertiary		39	Speedy Credit Notes	3	3	2	3	3	14
Tertiary		43	Personal Involvement of MD's	3	3	3	3	2	14
Primary		2	Strategic Focus	3	2	3	1	3	12
Secondary		22	Dedicated Account Managers	2	2	2	2	2	10
Secondary		27	Technical Sophistication	2	2	2	2	2	10
Tertiary		36	Help in Choosing Pack Spec.	2	2	2	2	2	10
Tertiary		40	Meetings to Discuss Complaints	2	1	3	2	2	10
Tertiary		44	Information Sharing	2	1	2	3	2	10
Secondary		21	Offices in Country	2	2	2	1	2	9
Secondary		25	Flexibility	2	1	2	1	3	9
Secondary		28	Degree of Line Integration	2	1	2	2	2	9
Tertiary		31	Knowledge of Food Processing	2	1	2	3	1	9
Tertiary		34	Involvement in Pack Design	3	1	1	2	2	9
Tertiary		53	Testing Concepts with Customers	1	2	2	3	1	9
Secondary		23	Info on World Market	2	2	1	1	2	8
Tertiary		33	Long in the Field	2	2	1	2	1	8
Tertiary		55	Participation in Trade Fairs	3	1	1	2	1	8
Secondary		26	Local Emps. in Organisation	1	1	3	1	1	7
Tertiary		35	Access to Foreign Campaigns	1	3	1	1	1	7
Tertiary		37	Help in Choosing Pack Format	1	1	1	2	2	7
Tertiary		57	Full Line Responsibility	2	2	1	1	1	7
Tertiary		64	Closeness of Factories	2	1	2	1	1	7
Secondary		24	Involvement with Multinationals	1	1	2	1	1	6
Secondary		29	Involvement B4 order placement	1	1	1	1	2	6
Tertiary		56	Aseptic and Non-Aseptic Systems	1	1	1	1	2	6
Tertiary		62	Efficient Transportation	1	1	1	2	1	6
Secondary		30	BB2B Web Applications	1	1	1	1	1	5
Tertiary		32	Proprietary R&D Activities	1	1	1	1	1	5
Tertiary		65	Integration between Production and Finance	1	1	1	1	1	5

This sorting procedure was taken as the first step in selecting a more manageable number of constructs for use in the research. Thirty-six of the original sixty five constructs achieved a 'score' of 15, indicating that all five interviewees had assigned a



High level of importance to them. This maximum 'score' was taken as a cut off point on the grounds that those constructs 'scoring' less than 15, although perhaps very important to some interviewees, did not engender the unanimity of the thirty-six constructs 'scoring' 15.

Having reduced the number of constructs by almost half, I decided to eliminate all four Primary Constructs that had been 'scored' High in importance by all the interviewees. It will be recalled that the Primary Constructs had been entered first into Enquire Within™ and were effectively established as a basis from which to begin the process of construct elicitation. In this sense each of the Secondary constructs was derived from the Primary group and this alone would appear to justify the elimination of the latter. However, this decision is further supported by an inspection of the Primary Constructs, which suggest that several of them may be seen as collective names for groups of Secondary, and indeed Tertiary, constructs. For instance, the Primary Construct 'Transaction Focus' may be seen as encompassing the following five secondary and tertiary constructs:

- (i) Efficiency of Order Handling - Tertiary Construct 63
- (ii) Efficiency of Order Processing - Secondary Construct 17
- (iii) Lead Times - Secondary Construct 18
- (iv) Order Accuracy - Secondary Construct 19
- (v) Invoicing Accuracy - Secondary Construct 20

The decision to eliminate the top scoring Primary Constructs left thirty-two Secondary and Tertiary constructs still under consideration for use in the research. Reflection on these remaining constructs led me to see them as being of two distinct types. The first type could be characterised as being made up of those constructs that describe management process-like activities (e.g. Secondary Construct 9 – Complaint Handling). The remaining constructs would seem to be either the outcomes of management processes (e.g. Tertiary Construct 60 – On Time Delivery) or to constitute duplication of constructs included in the first group (e.g. Tertiary Construct 41 – Customer Involved in Innovation versus Secondary Construct 14 – Rate of Innovation).

In assigning constructs to these two groups, I concluded that most of the Secondary Constructs that had 'scored' 15 could be seen as management process-like. If not management processes, then they at least seemed to be commercial activities that are within my sphere of influence and thus within my ability to manage as processes (e.g. Secondary Construct 7 – Support of *(customer's)* Marketing Department). Consequently I included in the first group of management process-like constructs all 'maximum scoring' Secondary Constructs.



Scrutiny of the Tertiary constructs that been rated with the maximum importance by all five responding MDs lead me to the view that two of them (Tertiary Construct 51 – Value for Money Services and Tertiary Construct 63 – Efficient Order Handling) also had the characteristics of management processes. I added them to the list of maximum scoring Secondary Constructs in the first group.

This procedure gave rise to seventeen items in the first group of 'management process-like' constructs each of which is seen as highly important by all five interviewees to the well being of the co-operation between our companies. Importantly, all of them are I believe, within my power as a practitioner to manage. I then reviewed the second group of fifteen constructs and, satisfied that they indeed were either process outcomes or duplicate issues, rejected them for use in the research.

This three-step reduction process gave rise then to the seventeen constructs, which are listed in Table 6.4 and which, constituted the proposed selection of constructs to be used in the research.

<p><b>Table 6.4</b> <b><u>Proposed List of Selected Constructs</u></b></p>								
<b>Class</b>	<b>Construct Number</b>	<b>Construct Description</b>	<b>Customer</b>					<b>SUM OF SCORES</b>
<b>Construct</b>			<b>Aphrodite</b>	<b>Athena</b>	<b>Demeter</b>	<b>Hera</b>	<b>Hestia</b>	
Secondary	6	Knowledge of Business	3	3	3	3	3	15
Secondary	7	Support for Marketing	3	3	3	3	3	15
Secondary	8	Customer Service	3	3	3	3	3	15
Secondary	9	Complaint Handling	3	3	3	3	3	15
Secondary	10	Strategic Alignment	3	3	3	3	3	15
Secondary	11	System Profitability	3	3	3	3	3	15
Secondary	12	Quality of Technical Service	3	3	3	3	3	15
Secondary	13	Operational Efficiency	3	3	3	3	3	15
Secondary	14	Rate of Innovation	3	3	3	3	3	15
Secondary	15	Breadth of Product Range	3	3	3	3	3	15
Secondary	16	Product Quality	3	3	3	3	3	15
Secondary	17	Eff. Of Order Processing	3	3	3	3	3	15
Secondary	18	Lead Times	3	3	3	3	3	15
Secondary	19	Order Accuracy	3	3	3	3	3	15
Secondary	20	Invoicing Accuracy	3	3	3	3	3	15
Tertiary	51	Value for Money Services	3	3	3	3	3	15
Tertiary	63	Efficient Order Handling	3	3	3	3	3	15

Once this list was complete I made further appointments with the MDs and in much shorter, informal conversations went over the final list of constructs. All accepted this list and were happy to use it as the basis for future work and I became confident that the selected constructs would, in my particular research context, stand up to repeated and



cyclical use as Rosen and Surprenant suggest (ibid.1998) they should. I also took advantage of this meeting with each of the MDs to discuss the procedure to be used in the next step, that of rating the industry participants and the customers best supplier, against this list of constructs.



## **Chapter 7 - BENCHMARKING THE CURRENT STATUS**

Having arrived at the point where both I and the managing directors of the five selected participating customers had agreed on the seventeen constructs which described what we all thought to be important parameters in our business contacts, the time had come to take the plunge and have the five industry competitors, and the respondents' best supplier, rated against these constructs. The outcome of this rating would go some way to addressing Research Question (D) and was, it will be recalled, to be carried out by using Enquire Within™ at its full level of complexity.

I also expected this series of interviews to provide an insight into how the seventeen constructs impinged, at the time of the interviews, on the sentiments of the customers towards my company. I hoped to be able to garner useful information on their opinions from the general conversation surrounding the rating process. In effect, I anticipated getting a picture of my company's current standing, and perhaps the background to it, through interpreting the outcome from the Enquire Within™ ratings and the informal conversations that took place during the exercise. However, this was also the moment when I came upon my first unplanned disappointment in the field.

### **7.1 AN UNEXPECTED EVENT**

Soon after the verification of the seventeen constructs had been completed, the managing director of Hestia called me and informed me that although the construct elicitation interview had been interesting, he did not wish to continue with the process that had been outlined during our last meeting. During the call I tried to persuade him to continue and myself called him a few days later to see if he had reconsidered, he was however adamant.

This was unfortunate news since Hestia was the third largest of the selected customers by turnover in 2000. The departure of this customer from the project would mean that the four remaining participants would represent just over forty one million Euro's worth of invoicing, or 49% of turnover, in 2000. I felt that this was still a substantial figure and came to the confident view that working with the remaining customers could still be of value for my company and for the wider customer base.

Further, I noted that Hestia was a System 2 customer, as was Aphrodite, and that both customers had a turnover with my company of similar magnitude. Thus I was confident that any business issues specific to System 2 would be addressed through interaction with Aphrodite during the course of the research and so would be of direct benefit to Hestia despite their non-participation in the project. It will be recalled that System 1 was



in any event the area of main focus for my company and Hestia dropping out did not affect the constitution of the selected companies in that key field.

Finally, I comforted myself with the fact that I had been able to draw on the participation of all five managing directors during the distillation of constructs phase and thus was confident that the construct list, now to be the subject of the rating, did indeed reflect the important issues as seen by my original selection of customers. However, I could not now afford to lose any of the enthusiasm of the remaining participants!

## **7.2 BACKGROUND TO THE RATING INTERVIEWS**

The rating interviews, in which managers from the four remaining participant customers were invited to take part, were carried out over a three-week period. Through the managing directors, who in all cases participated themselves, further key representatives of management were invited to contribute. This resulted in the following distribution of contributions, giving a total of thirteen, made up of four managing directors and nine senior managers:

Aphrodite - 3

Athena – 5

Demeter – 3

Hera – 2

The managing directors, who by now were beginning to feel quite involved in the process and familiar with the Enquire Within™ computer program being used, all helped me brief the respondents from their respective firms. The previously completed process of construct elicitation was explained in broad terms to the newcomers and the fact that the managing director had himself participated and concurred with the outcome was underlined. The fact that these constructs were the outcome of interviews in other firms was also mentioned as was the point that the list was being treated by senior management as an outline of what was important in the business relationship between our two companies. It was explained that the object of the proposed interview was to rate the industry participants and whichever supplier, not necessarily from the five packaging companies, was felt by the respondent to be his company's best, against the list of seventeen constructs.

Most importantly it was made clear that this was the beginning of a long term undertaking to try and improve dealings between our companies and that other customers of my company were also involved. The managers were invited to consider participating in this long-term project, the plan for which would be based to a large extent on what emerged from this interview round. This information was treated with almost



unanimous scepticism in all cases, and so leaving me somewhat deflated, but by now I had no choice but to carry on!

Respondents all had access to a list of the constructs a few days before the interviews were to take place, so that they would be able to make considered judgments. Whilst tape-recording the subsequent conversations was not possible for cultural reasons of etiquette, it was agreed that I would be able to make notes during the conversations. During each interview I went over the background again to ensure that each participant was clear as to what was happening and explained the mechanics of the rating process in the Enquire Within™ program.

I also took this opportunity to ensure that each of the respondents was familiar with the industry competitors who constituted the elements that were to be rated. It will be recalled from Section 6.1 that these were:

- Element 1* – My Company, referred to here as Supplier 1  
*Element 2* – The largest European specialist in System 2 type packaging – Supplier 2  
*Element 3* – The second largest European specialist in System 2 type packaging – Supplier 3  
*Element 4* – An American supplier, of both System 1 and System 2 type packaging – Supplier 4  
*Element 5* – The second largest European supplier, of both System 1 and System 2 type packaging, and historically my company's main competitor – Supplier 5.  
*Element 6* – The 'Best Supplier' Concept

Most of the interviews lasted around two hours, one in particular over ran that time because the conversation evolved and became a rich source of qualitative data for subsequent analysis. Two other interviews were completed in just over an hour. In all cases I was satisfied that the participants had fully understood the rating procedure. In any event I checked this, once the rating was complete, by asking 'Differentiating' questions during discussion with each respondent about the outcome of the analysis made by Enquire Within™.

The 'Differentiating' process requires that the respondent be clear that the degree of correlation demonstrated in the statistical analysis carried out by Enquire Within™ indeed represents the truth, as he, the interviewee sees it. All interviews ended with the very clear understanding that the correlations resulting from each individual interview did indeed represent this.

### **7.3 ANALYSIS OF THE RATING INTERVIEW RESULTS**

This section reports on the outcome of the Enquire Within™ rating but does not take into account any of the comments made during the interviews, the analysis of which will be



reported in the next section. The graphical representations made by Enquire Within™ of the outcome of each interview, which also shows the rating of each element by each respondent together with the subsequent statistical analysis, are presented in the Appendix and are marked as Appendix 7.A to 7.M for ease of reference. In this section the discussion will deal with the ratings of each participating customer.

### Aphrodite

It was a characteristic of this set of three interviews that my company received perhaps its best rating from all participating managers, suggesting that the managers of this customer see us in a better light than those of the other participating customers.

One of the respondents (Appendix 7.A: Aphrodite 1) went out of his way in his rating to equate my company with his firm's best supplier, achieving a correlation between the two of 98%. Enquire Within™ then linked my company with this best supplier as a virtual group for use in dentric analysis. The same respondent also grouped all the other four industry competitors as similar to each other with 100% correlation and Enquire Within™ put them together in yet another virtual group. The dentric analysis then carried out by Enquire Within™ suggested that the respondent saw these two virtual groups as different to each other since the correlation between them was only at the 85% level. This pattern of response would lead me to believe that not only does this respondent see my company in a similar light to his best supplier but that the other four industry competitors are seen as being far from this ideal.

Both of the other managers (Appendices 7.B and 7.C) from this customer also correlated my company highly with their best supplier, one at the 100% level and one at the 97% level. This was of course a pleasing outcome. However, both these respondents also correlated Supplier 2 and 3 highly, both of whom are specialised in System 2 type products, suggesting that despite their contentment with my company, Aphrodite's managers are well aware of the availability of alternative suppliers.

### Athena

Four out of five respondents here made a correlation at the 90%, or much better, level between their best supplier and my company's main competitor in the all-important field of System 1 products. Only the managing director (Appendix 7.D: Athena 1) failed to make this correlation directly, leaving it to the dentric analysis of Enquire Within™ to produce a virtual correlation at the 96% level between the best supplier and both my company and our main competitor. Since he had directly correlated that competitor with my company at the 97% level, I was left with the impression that the managing director himself had no preference and did not mind which of the two competitors his firm worked with. At the same time it appeared that the operating managers of Athena had a distinct



preference for our competitor. This was a very worrying state of affairs, as it will be remembered that Athena is my company's single biggest customer.

### Demeter

One of the three managers responding from this customer was the expatriate commercial manager (Appendix 7.K: Demeter 3) and it was interesting to note that he made apparently quite different reflections during the interview than did the remaining two local managers, including the managing director. His rating resembled that of the operating managers at Athena and with 100% correlation equated my company's biggest competitor with his best supplier. Perhaps more worryingly, it was only in dendritic analysis that my company was associated with this grouping – and then only very loosely, for the virtual correlation was at only the 80% level. This suggests that my company is a long way from being seen by this respondent as equal to our main competitor or to the respondent's best supplier.

Both of the other managers from Demeter associated my company with our main competitor at above the 95% correlation level and then saw this virtual group as being associated with their best supplier with a similar strength of relationship. However, such an outcome does give me cause for concern since neither is my company clearly seen as Demeter's best supplier nor are we clearly differentiated from our main competitor.

### Hera

Perhaps the least generous of the participating companies in their rating of the competitors in the packaging supply industry; neither manager from Hera made a meaningful association between their best supplier and any individual packaging supplier, nor between their best supplier and the packaging suppliers as a group. However, both managers made direct correlations between industry participants other than my company. As a result of these we were loosely seen as associated with the other industry participants and even then only after Enquire Within™ had made a virtual evaluation of the directly correlated groups and my company. The fact that in some way my company appears to be viewed within Hera as different to the rest of the industry participants may be seen as either being positive or negative and interpretation of this phenomenon will need to await analysis of the interview notes and further discussion with the Hera management.

## **7.3.1 Overall Analysis**

Whilst I am quite clear that RGT is a means of eliciting the views of individuals, Stewart (2000b) makes the point that analysing information from repertory grids is a continuous process and that there are many ways of looking at information generated from a



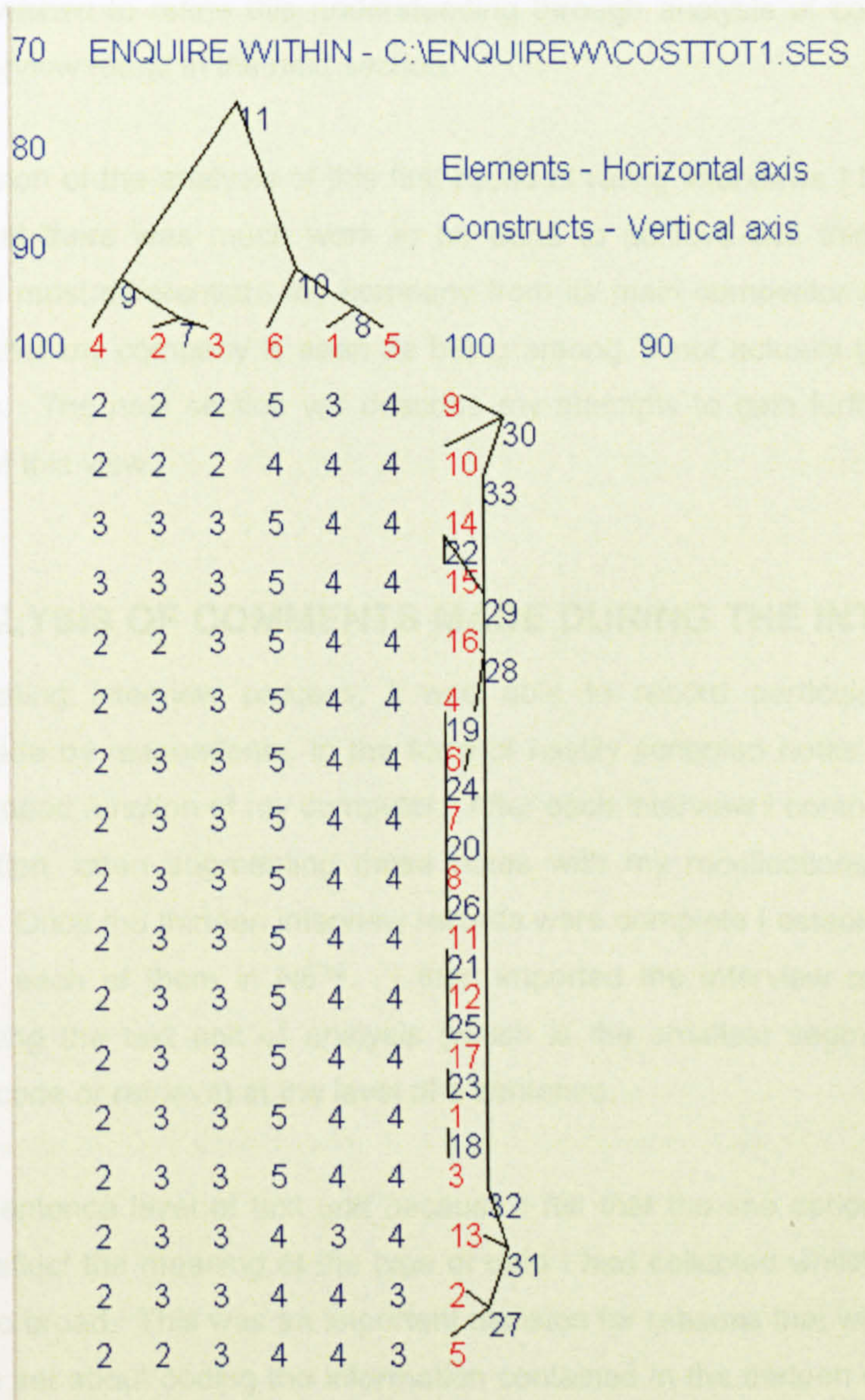
completed grid. I felt justified then in taking the grids discussed above and calculating, using an Excel spread sheet, the arithmetic mean for each element against each construct as rated by each of the thirteen respondents. The results of this analysis are shown in Table 8.1.

<div> <div>Table 7.1</div> <div>The Arithmetic Mean Rating of each Element against each Construct</div> </div>						
Construct Number	Supplier:					
	My Company	Supplier 5	Supplier 2	Supplier 3	Supplier 4	Best Supplier
1	4	4	3	3	2	5
2	4	3	3	3	2	4
3	4	4	3	3	2	5
4	4	4	3	3	2	5
5	4	3	2	3	2	4
6	4	4	3	3	2	5
7	4	4	3	3	2	5
8	4	4	3	3	2	5
9	3	4	2	2	2	5
10	4	4	2	2	2	4
11	4	4	3	3	2	5
12	4	4	3	3	2	5
13	3	4	3	3	2	4
14	4	4	3	3	3	5
15	4	4	3	3	3	5
16	4	4	2	3	2	5
17	4	4	3	3	2	5
Total	63,15384615	63,46154	45,15385	46,30769	36,6153846	78,15384615
Mean	3,7	3,7	2,7	2,7	2,2	4,6
Ranking	2	2	4	4	5	1

I then created another grid in Enquire Within™ and 'rated' the constructs with this synthesized data. The resultant grid and statistical analysis is shown in Table 7.2.



**Table 7.2**  
**Dentric analysis of Repertory Grid made of the mean rating from all participating respondents**



It is of interest to note that the mean of the ratings elicited from all respondents, and reported in Table 7.1, appear to associate my company and our main competitor quite closely. This impression is reinforced by the Enquire Within™ analysis shown above in which the mean ratings of the two companies achieve a correlation at the 98% level suggesting that overall, our companies are indeed seen as similar.

Enquire Within™ goes on to treat us as a virtual group when comparing us with the mean rating for the 'best supplier' concept from all respondents and calculates a 96% correlation. Reference to Table 7.1 shows that the best supplier concept obtains a mean rating higher than that of the virtual group consisting of my company and our main competitor. In so far as this analytical approach is valid, it would suggest that the



perceptions of my company and its main competitor are very similar among all respondents. Both industry competitors seem to be vying for association with the 'best supplier' concept among the customer base, although both of us are some way behind that ideal. I wished to refine this understanding through analysis of comments made during the interview round in the next section.

At the conclusion of the analysis of this first round of rating interviews I had the overall impression that there was much work to be done to achieve two things. Firstly, it seemed that I must differentiate my company from its main competitor and secondly I must ensure that my company is seen as being among, if not actually the, customers' best suppliers. The next section will describe my attempts to gain further insight and confirmation of this view.

## **7.4 ANALYSIS OF COMMENTS MADE DURING THE INTERVIEWS**

During the rating interview process, I was able to record particularly interesting comments made by respondents, in the form of hastily scribbled notes both on paper and in the notepad function of my computer. After each interview I compiled a record of the conversation, often augmenting these notes with my recollections of the recent conversation. Once the thirteen interview records were complete I established an online document for each of them in N5™. I then imported the interview records into the program, setting the text unit of analysis (which is the smallest segment of text the program can code or retrieve) at the level of a sentence.

I chose the sentence level of text unit because I felt that the line option was too fine a fragment to reflect the meaning of the type of data I had collected whilst the paragraph option was too broad. This was an important decision for reasons that will become clear below. I then set about coding the information contained in the thirteen online interview records at 'nodes' (the N5™ term for the process of indexing) made up of the same seventeen constructs used in the Enquire Within™ rating. Perhaps not surprisingly, since the rating interviews had concentrated on discussion of the seventeen constructs, I found that all recorded comments could be indexed at these nodes. I now moved onto analyse the data and find meaningful ways of viewing it and, of course, using it.

In using the N5™ program to generate various reports, based firstly on the original seventeen nodes and later on the new nodes created through the process of analysis, reflection and additional coding, I soon came to the view that neither a line of text, nor a sentence nor a paragraph truly mirrored what respondents had in mind when making their comments.



After poring over the data in its by now multiple forms, I eventually came to the view that what respondents had expressed during the interviews were their 'sentiments' about my company, our cooperation, the market place and my company's competitors. These 'sentiments' indeed could be categorised by the seventeen constructs, which where after all seen by at least myself and the four participating managing directors as the key issues affecting our business dealings, but within each construct they could be further classified as either positive or negative towards my company.

A 'sentiment' could be found in a few words within a line of text or could be made up of several sentences within a paragraph. A paragraph could contain one or more 'sentiments'. Using this insight, I set about once more classifying the data already indexed within each construct according to this scheme of positive and negative 'sentiments'.

Table 7.3 shows the outcome of this undertaking together with a further step of examination. The table lists each of the seventeen constructs and shows the total number of 'sentiments' expressed about it. It then shows the break down of positive and negative 'sentiments' within the construct together with the number of respondents whose responses had elicited this number of 'sentiments'. The table goes on to show the calculation of two ratios.

The first is an intuitive proportion, shown in red in the table, which illustrates the ratio of the positive (or negative) number of 'sentiments' under each construct to the total number of 'sentiments' indexed under the same construct. The second calculation is labeled Response Intensity (RI), shown in green in the table, and is the result of dividing the number of positive (or negative) 'sentiments' indexed under each construct by the number of respondents whose responses had elicited this number of 'sentiments'.

It seemed to me that the simple proportion calculation would be useful in getting a sense of whether a particular construct described a potential cause of trouble between my company and its customers, or indeed if it addressed an area where things were going well between us. An evenly balanced outcome between positive and negative 'sentiments' might show up areas where opinion was not so clear-cut or views so forcefully held.

The Response Intensity calculation, the result of which is expressed as a number rather than a percentage, I believed might help interpret the first calculation by showing how 'loud' the respondents' comments were concerning each construct. With a Response Intensity of 1.00 or less on the positive or negative side of a construct, it can be said that that particular construct had either registered one sentiment per respondent ( $RI = 1.00$ )



or even that some respondents had not expressed a 'sentiment' in the direction being evaluated ( $RI < 1.00$ ). A Response Intensity greater than 1.00 indicates that more 'sentiments' than one per respondent were expressed in the direction of the calculation. In fact the greater the Response Intensity the greater was the number of 'sentiments' about that particular construct in the direction being evaluated. I reasoned that the greater the number of 'sentiments' expressed, or the higher the Response Intensity, the hotter the issue.

Incorporated into the table are what I have called 'Typical Comments' so as the reader may get a flavour of what the respondents were saying during the interviews. The order of construct presentation in the table is by the total number of 'sentiments' indexed at each construct.



<p align="center"><b>Table 7.3</b> <b>Analysis of Positive and Negative Sentiments from all Respondents against Seventeen Constructs</b></p>									
	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+	S+ / N+	S-		N-	S - / N -
				(max = 13)				(max = 13)	
<b>Rate of Innovation</b>	31	4	13%	4	1.00	27	87%	9	3.00
Typical Comment		You helped us improve our image by launching new/modern packaging.				Your packages are outdated.			
<b>Customer Service</b>	20	10	50%	10	1.00	10	50%	8	1.25
Typical Comment		Locally we now have excellent service and support.				Whenever you could not meet out needs it was due to global procedures.			
<b>Support for Marketing</b>	18	9	50%	8	1.13	9	50%	7	1.29
Typical Comment		There is close cooperation on marketing and you offer useful information.				You should increase interaction with our marketing dept. - Supplier 5 is much better in this.			
<b>Eff. Of Order Processing</b>	17	8	47%	8	1.00	9	53%	7	1.29
Typical Comment		You have a continuous improvement process to support the pre-order activities.				The ordering process must be simplified.			
<b>Knowledge of Business</b>	15	10	67%	9	1.11	5	33%	6	0.83
Typical Comment		You are a source of knowledge for Aphrodite.				You should be more proactive.		Includes anecdotes of service breakdown, not only "sentiments"	
<b>Complaint Handling</b>	15	8	53%	8	1.00	7	47%	5	1.40
Typical Comment		You were day and night here until we solved the problem.				Your company must still improve the speed or response to complaints and claims.			



<p align="center"><b>Table 7.3 (Cont.)</b>  <b>Analysis of Positive and Negative Sentiments from all Respondents against Seventeen Constructs</b></p>									
	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+	S+ / N+	S -		N -	S - / N -
				(max = 13)				(max = 13)	
<b>Strategic Alignment</b>	15	3	20%	3	1.00	12	80%	9	1.33
Typical Comment		There is a trend of strategic alignment between our companies.				We should have a single person of communicating between your company and Athena.			
<b>Product Quality</b>	15	3	20%	3	1.00	12	80%	11	1.09
Typical Comment		Your product quality is excellent!				You should improve the package quality, especially the caps which is a long lasting problem.			
<b>Value for Money Services</b>	15	3	20%	3	1.00	12	80%	8	1.50
Typical Comment		System wide value for money is excellent - no problem there.				Your products and services are overvalued.			
<b>Operational Efficiency</b>	14	5	36%	5	1.00	9	64%	8	1.13
Typical Comment		Operational Efficiency is excellent, the best you can have, the IBM of paper packaging.				From Operational Efficiency point of view the best supplier is Supplier 5.			
<b>Breadth of Product Range</b>	14	1	7%	1	1.00	13	93%	7	1.86
Typical Comment		Your product range is excellent!				You urgently need to expand the range of products.			
<b>Lead Times</b>	14	2	14%	2	1.00	12	86%	11	1.09
Typical Comment		You are reliable concerning the lead times.				Although you stay within the lead times promised, these lead times could be reduced.			



<p align="center"><b>Table 7.3 (Cont.)</b>  <b>Analysis of Positive and Negative Sentiments from all Respondents against Seventeen Constructs</b></p>									
	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+ (max = 13)	S+ / N+	S-		N- (max = 13)	S - / N -
<b>Quality of Technical Service</b>	10	7	70%	7	1.00	3	30%	2	1.50
Typical Comment		Since 22 years the technical support is excellent.				Hellas Can have a greater stock of spare parts in their warehouse.			
<b>Order Accuracy</b>	5	3	60%	3	1.00	2	40%	2	1.00
Typical Comment		Generally, order delivery accuracy is good.				With you it is difficult to track an order.			
<b>Invoicing Accuracy</b>	5	5	100%	5	1.00	0	0%	1	0.00
Typical Comment		Invoicing procedures are excellent!						Includes anecdotes of service breakdown, not only "sentiments"	
<b>System Profitability</b>	3	3	100%	3	1.00	0	0%	0	#DIV/0!
Typical Comment		Generally, you are expensive but you try to improve our perception by special actions.							
<b>Efficient Order Handling</b>	2	0	0%	0		2	100%	2	1.00
Typical Comment						We should improve the contact with the production companies that actually print the paper.			
<b>Total</b>	228								



By far the largest number of 'sentiments' was elicited by conversation about the Rate of Innovation (31). Of these 87% were negative 'sentiments' and the Response Intensity of 3.00 compared to the next highest Response Intensity of Breadth of Product Range (RI = 1.86) clearly gave a message! Since the Breadth of Product Range construct registered 93% negative 'sentiments' it was not difficult to work out that these areas were of prime concern to respondents and that, at the time of the interviews, my company was not delivering what the customers expected in these matters.

Whilst exploring the bad news, Strategic Alignment (Negative RI = 1.33), Product Quality (Negative RI = 1.09), Value for Money Services (Negative RI = 1.50) and Lead Times (Negative RI = 1.09), all registered an 80% or higher proportion of negative sentiment. I would interpret this as meaning that each is a topic of serious concern among respondents. It should also be noted that Efficient Order Handling had 100% negative 'sentiments' but based on only two expressions from two respondents. Whilst an area for action, at this point I felt that there were other more important shortcomings to be dealt with.

All in all Table 7.3 does not make pretty reading although some comfort may be drawn from the 67% of positive sentiments expressed concerning my company's knowledge of the customers business (Positive RI = 1.11) and the weight of positive 'sentiments' expressed on Quality of Technical Service, Order Accuracy, Invoicing Accuracy and System Profitability. However, none of these had a Response Intensity of more than 1.00 suggesting that although we do well in these areas, constructs other than these are more important to the customers.

#### ***7.4.1 Detailed analysis of comments from the rating interviews***

Bearing in mind my reflections on the development of my research method, discussed in Section 4.4 above, and my stated view that the situation with each customer is a product of a bilateral association over a number of years, it was essential that I examine the respondents' interview comments by participating customer. Tables 7.4 to 7.7 show this analysis according to the same procedure as described in the previous section with the sole difference that for each customer the constructs are listed following an Excel spreadsheet 'sort' by:

- a) Firstly, the total number of 'sentiments' per construct elicited from respondents of each customer
- b) Secondly, by the negative Response Intensity for each construct
- c) Thirdly, by the percentage of negative 'sentiments' from the total for each construct.



### Aphrodite

It will be recalled that the Enquire Within™ interviews from this customer resulted in perhaps my company's best ratings. This positive attitude is reflected in the analysis of the respondents' accompanying comments. Table 7.4 shows a higher proportion of negative 'sentiments' on only two constructs, Lead Times and Breadth of Product Range. Perhaps significantly, as many as nine constructs index more than 50% positive 'sentiments' of which six achieve an indexing of 100% of positive 'sentiments'.

However, only Support of Marketing elicits a Response Intensity of more than 1.00 from respondents from this customer, that being at the noticeable 1.50 level. The same construct also indexes the most 'sentiments' overall suggesting that it is a subject for discussion with this customer. The second listed construct, Customer Service, draws out four 'sentiments', three of which are positive, suggesting that we are doing something right in this area and that we must keep it up.



**Table 7.4**  
**Analysis of Sentiments**  
**APHRODITE**

	Total No. of Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+	S+ / N+	S -		N -	S - / N -
				(max = 13)				(max = 13)	
Support for Marketing	6	3	50%	2	1.50	3	50%	2	1.50
Customer Service	4	3	75%	3	1.00	1	25%	1	1.00
Complaint Handling	3	2	67%	2	1.00	1	33%	1	1.00
Strategic Alignment	3	2	67%	2	1.00	1	33%	1	1.00
Lead Times	3	1	33%	1	1.00	2	67%	2	1.00
Eff. Of Order Processing	3	3	100%	3	1.00	0		0	
Product Quality	2	1	50%	1	1.00	1	50%	1	1.00
Value for Money Services	2	1	50%	1	1.00	1	50%	1	1.00
Rate of Innovation	2	2	100%	2	1.00	0	0%	0	
Knowledge of Business	2	2	100%	2	1.00	0	0%	0	
Quality of Technical Service	2	2	100%	2	1.00	0	0%	0	
System Profitability	2	2	100%	2	1.00	0	0%	0	
Breadth of Product Range	1	0	0%	0		1	100%	1	1.00
Operational Efficiency	1	1	100%	1	1.00	0	0%	0	
Efficient Order Handling	0	0		0		0		0	
Order Accuracy	0	0		0		0		0	
Invoicing Accuracy	0	0		0		0		0	
Total	36								



### Athena

As with Aphrodite, clues to the analysis of comments are to be found in the Enquire Within™ ratings of this customer. In the rating exercise the operating managers of Athena showed a preference for our main competitor and Table 7.5 perhaps shows in which areas specifically they are dissatisfied with my company. Unfortunately these appear to be too many to discuss individually here although it is worth noting that 100% of all fifteen sentiments expressed on Rate of Innovation were negative, producing a negative Response Intensity of 3.75 - the highest of all constructs from all customers! Breadth of Product Range produced fewer 'sentiments', only six, but all of these were also negative, producing a Response Intensity of 2.00. Similarly Strategic Alignment attracted 100% negative 'sentiments' although the Response Intensity was a little less 'loud' at 1.40.

Customer Service accumulated 67% negative 'sentiments' from the total indexed at this construct with a corresponding Response Intensity of 1.50 and is noticeable as an area for concern because of the large number of 'sentiments' it indexes, that is nine. Value for Money is also a conspicuous area for concern with 86% negative 'sentiments' out of seven in total and a Response Intensity of 2.00.



**Table 7.5**  
**Analysis of Sentiments**  
**ATHENA**

	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+	S+ / N+	S-		N-	S - / N -
				(max = 13)				(max = 13)	
Rate of Innovation	15	0	0%	0		15	100%	4	3.75
Customer Service	9	3	33%	3	1.00	6	67%	4	1.50
Value for Money Services	7	1	14%	1	1.00	6	86%	3	2.00
Product Quality	7	1	14%	1	1.00	6	86%	4	1.50
Eff. Of Order Processing	7	1	14%	1	1.00	6	86%	4	1.50
Strategic Alignment	7	0	0%	0		7	100%	5	1.40
Knowledge of Business	7	4	57%	3	1.33	3	43%	3	1.00
Operational Efficiency	6	2	33%	2	1.00	4	67%	2	2.00
Breadth of Product Range	6	0	0%	0		6	100%	3	2.00
Support for Marketing	6	2	33%	2	1.00	4	67%	3	1.33
Lead Times	6	0	0%	0		6	100%	5	1.20
Complaint Handling	5	3	60%	3	1.00	2	40%	2	1.00
Quality of Technical Service	3	2	67%	2	1.00	1	33%	1	1.00
Order Accuracy	3	1	33%	1	1.00	2	67%	2	1.00
Invoicing Accuracy	2	2	100%	2	1.00	0	0%	0	
Efficient Order Handling	1	0	0%	0		1	100%	1	1.00
System Profitability	0	0		0		0		0	
Table	97								



### Demeter

Once again Rate of Innovation was the construct that elicited the most 'sentiments' from respondents at this customer. With 75% of these 'sentiments' indexed as negative (Table 7.6) and a Response Intensity of 2.00, my company clearly has a problem in this area with Demeter. The only construct that elicited a higher Response Intensity (3.00) was the closely related Breadth of Product Range, which also attracted 75% negative sentiments.

Further pessimism was engendered by the analysis of the Product Quality, Value for Money Services, Lead Times and Operational Efficiency constructs. The Enquire Within™ rating from this customer showed that my company is not clearly differentiated from our main competitor in the minds of the respondents. Negative opinion on these types of basic transaction level constructs is in my view very dangerous.

Grounds for hope are to be found in the positive 'sentiments' expressed on the Quality of Technical Service, Invoicing Accuracy and Order Accuracy for although these construct only attracted eight 'sentiments' between them, 100% were positive.



Table 7.6  
Analysis of Sentiments  
**DEMETER**

	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+ (max = 13)	S+ / N+	S -		N - (max = 13)	S - / N -
Rate of Innovation	8	2	25%	2	1.00	6	75%	3	2.00
Complaint Handling	5	3	60%	3	1.00	2	40%	1	2.00
Eff. Of Order Processing	5	3	60%	3	1.00	2	40%	2	1.00
Operational Efficiency	5	2	40%	2	1.00	3	60%	3	1.00
Breadth of Product Range	4	1	25%	1	1.00	3	75%	1	3.00
Product Quality	4	1	25%	1	1.00	3	75%	2	1.50
Value for Money Services	4	1	25%	1	1.00	3	75%	2	1.50
Customer Service	4	3	75%	3	1.00	1	25%	1	1.00
Support for Marketing	4	3	75%	3	1.00	1	25%	1	1.00
Knowledge of Business	4	3	75%	3	1.00	1	25%	1	1.00
Lead Times	3	1	33%	1	1.00	2	67%	2	1.00
Quality of Technical Service	3	3	100%	3	1.00	0	0%	0	
Invoicing Accuracy	3	3	100%	3	1.00	0	0%	0	
Strategic Alignment	2	1	50%	1	1.00	1	50%	1	1.00
Order Accuracy	2	2	100%	2	1.00	0	0%	0	
Efficient Order Handling	1	0	0%	0		1	100%	1	1.00
System Profitability	0	0		0		0		0	
Total	61								



## Hera

Whilst only two managers participated from this customer they failed to differentiate my company from the rest of the industry in the Enquire Within™ ratings. I was not clear after the Enquire Within™ rating if this failure was positive or negative for my company (see Section 7.3 above) but I believe that the analysis of comments, reported here, dispels any such uncertainty. The 'sentiments' of these two respondents were among the most critical of all participants and The Rate of Innovation and Breadth of Product Range constructs again loom large on the negative side of the balance sheet. Both constructs attract 100% negative ratings out of a total of nine 'sentiments' with 'Response Intensities' of 3.00 and 1.50 respectively.

The Strategic Alignment construct attracts the same degree of negative reaction as Breadth of Product Range. On balance, the Customer Service construct is also seen in a negative light by these respondents, 67% of whose 'sentiments' are negative in this area. A Response Intensity of 1.00 mitigates this outcome to some extent.

Whilst the small number of respondents, and consequently of sentiments, leads to an unclear picture on the remaining individual constructs there can be little doubt that with this customer my company has a big problem.



**Table 7.7**  
**Analysis of Sentiments**  
**HERA**

	Total No. of Sentiments"	No. of Positive Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+	S+ / N+	S-		N-	S - / N -
				(max = 13)				(max = 13)	
Rate of Innovation	6	0	0%	0		6	100%	2	3.00
Strategic Alignment	3	0	0%	0		3	100%	2	1.50
Breadth of Product Range	3	0	0%	0		3	100%	2	1.50
Customer Service	3	1	33%	1	1.00	2	67%	2	1.00
Complaint Handling	2	0	0%	0		2	100%	1	2.00
Quality of Technical Service	2	0	0%	0		2	100%	1	2.00
Eff. Of Order Processing	2	1	50%	1	1.00	1	50%	1	1.00
Support for Marketing	2	1	50%	1	1.00	1	50%	1	1.00
Knowledge of Business	2	1	50%	1	1.00	1	50%	1	1.00
Operational Efficiency	2	0	0%	0		2	100%	2	1.00
Product Quality	2	0	0%	0		2	100%	2	1.00
Value for Money Services	2	0	0%	0		2	100%	2	1.00
Lead Times	2	0	0%	0		2	100%	2	1.00
System Profitability	1	1	100%	1	1.00	0		0	
Invoicing Accuracy	0	0		0		0		0	
Order Accuracy	0	0		0		0		0	
Efficient Order Handling	0	0		0		0		0	
Total	34								



#### **7.4.2 *Other Aspects of the Analysis of the Rating Interviews***

The overall analysis of the Enquire Within™ ratings, discussed in Section 7.3.1 above, created the impression my company and its main competitor are vying in the market place for association with the 'best supplier' concept in the minds of the respondents. I stated there my wish to refine my understanding of this understanding through the analysis of respondents' comments.

For this purpose I ran a text search on the thirteen online documents already recorded in N5™ and called up instances of our main competitor (Supplier 5) being mentioned by respondents. This search found that ten out of the thirteen respondents mentioned Supplier 5 and a review of the sentence text units quickly revealed that they were all positive towards our competitor. I then went on to index these text units as 'sentiments' at nodes in N5™ comparable to the constructs used in the research so far. Table 7.8 shows the results.







It is not difficult to discern from the table that the competitor is seen as being strong on Rate of Innovation and on Breadth of Product Range with eighteen out of thirty 'sentiments' being indexed here, all of which are positive, and a Response Intensity of 3.00 being found on the first of these. Support of Marketing also seems to be perceived by at least two respondents as better dealt with by our competitor whilst five respondents see Supplier 5's Operational Efficiency as being better than my company's. Such an outcome needed pause for thought and the outcome of that contemplation is discussed in the next section.

I should mention here an aspect of the analysis, quite separate from the discussion of Supplier 5, which was not immediately obvious after a first reading and indexing of 'sentiments'. I noticed that some of the respondents made a distinction between their views on the local organisation, for which I am responsible, and their observations on the corporate functions of my company. I went back to the data and extracted all text units that included the words 'Local', 'Corporate' and 'Global', indexing them at a free node in N5™.

I found nine 'sentiments' amongst ten text units retrieved, which had been expressed by three respondents. All of these 'sentiments' expressed satisfaction with the local team but dissatisfaction with the corporate functions of my company. In the form of analysis described earlier, this pattern of response would give a Response Intensity of 3.00. I note that this is a strength of feeling matched or beaten only by the negative views expressed on Rate of Innovation or Breadth of Product Range at three out of four customers when discussing my company and by the positive perception of Supplier 5's capabilities on Rate of Innovation reported above. Whilst this distinction between local and corporate organisations is made by only three respondents out of a total of thirteen, two of these are from one customer (Hera) and include the managing director whilst the third respondent is a very influential manager at Athena, my biggest customer. It is probably too early to assign any real meaning to this observation but it at least provides some hope that my local organisation may provide a good platform for bringing about change.

## **7.5 REFLECTIONS ON THE PRECEDING ANALYSIS AND THE RESEARCH QUESTIONS**

This chapter set out to benchmark the current standing of my company with those customers participating in the research, as required by Research Question (D). I have also expressed the hope that a full analysis of comments would also inform Research Question (E), the question seeking to understand how to improve my company's situation. I must conclude from the analysis presented above that I do not have a clearer view as to what caused the perception of my company to deteriorate amongst its



clients other than to surmise that the current situation is a product of the festering of issues over the long term. However, it is possible that the same issues that caused the problem still remain to be solved today and that the problem I face as practitioner was not the result of a small number of cataclysmic events but rather of the build up over time of the concerns identified here. An explanation of the problem I face as a long term one resulting from of a defective process resonates with the ideas of Ford (ibid. 1980), Storbacka (ibid. 1994) and Muffatto and Panizzolo (ibid. 1995) discussed in Chapter 2, who all go to some length to underline the durable nature of industrial relationships. This gives hope that change in my situation can be effected by turning to an enduring consideration of how to address the issues raised by the data in this chapter.

I believe that through the analysis presented in this chapter I have succeeded in gaining an initial insight into Research Question (D). If I were to précis my perception of such a benchmark point concerning the standing of my company with participant customers (and each paragraph of the preceding text contributes something to my understanding of the position) it would be as follows.

The Enquire Within™ ratings provided an insight into how each respondent viewed my company in its industry environment. At the level of the individual respondent I was left with a feeling that my company was seen as being closely associated with Supplier 5, and hence by force of the industry dynamics we were, correctly, perceived as direct competitors. However, with some influential respondents there was a tendency to associate Supplier 5 more closely than my company with the 'best supplier' concept.

Once the Enquire Within™ ratings were analysed on an aggregate basis the impression of close association between my company and Supplier 5 was reinforced. However, the outcome of the overall analysis left some cause to believe that neither my company nor Supplier 5 had as yet achieved the distinction of being clearly associated with the 'best supplier' concept.

The analysis of comments began to reveal why this may be so, at least in the case of my company. We were clearly not fulfilling the expectations of the customers in terms of the Rate of Innovation construct and the closely related one of Breadth of Product Range. By contrast Supplier 5 seemed to get a very positive evaluation on Rate of Innovation and Breadth of Product Range. Of the remaining fifteen constructs Strategic Alignment, Value for Money Services and Product Quality attracted substantial overall negative perception of my company whilst our Customer Service was very poorly perceived at two out of four customers.



Such a disappointing perception clearly reaches across the whole gamut of customer satisfaction models that were eventually integrated into the Service-Profit Chain model, as demonstrated in Chapter 2, and is a warning signal that I should not ignore those models that are part of the historical development of customer satisfaction. I would conclude that the 'Disconfirmation of Expectations Theory', the early quality models and the work carried out on the role of value perception in customer satisfaction all have something practical to offer at the lowest level of analysis.

It was hard to see any really encouraging information emerging from the analysis, but Knowledge of Business and Support of Marketing seemed to be areas where my company got some plaudits and at least did not attract as much odium as on other constructs. Indeed, this is perhaps not so surprising bearing in mind the company's historical attachment to a contingency view of strategy, as described in the first appendix to this thesis. If customer relationships are indeed long term in the way discussed above and if the company had been taking an old fashioned, hands on contingency view of these relationships over many years, which I believe to have been the case, then perhaps something of this has remained in today's perceptions of the company by its customers. I came to believe that these two constructs would be the platforms for future work with the customers, which should concentrate on differentiating my company from its main competitor in the minds of the customers. We had, of course at the same time, to strive harder than Supplier 5 to match the ideal of the 'best supplier'.

I noted that there is a strong and direct challenge to my company in the areas of Rate of Innovation and Breadth of Product Range but also believed that the customers had not yet established strong relationships with Supplier 5. I based this conclusion on the structure of 'sentiments' in Table 7.8 where over half referred to these two constructs but the rest addressed day-to-day transactional matters. In so far as the customer satisfaction idea involves designing services and products '*to meet targeted customers' needs*', as suggested by Service-Profit chain model diagram shown in Chapter 2, and thus opens up the question of innovation as management practice, I feel that I will have to work within these two constructs very carefully as the research progresses. Constructs such as Strategic Alignment and Customer Service did not figure when the respondents spoke of my company's competitor.

If we indeed had some strength in Knowledge of the Business and in Support for Marketing then it is with this expertise that we should address both the direct challenge and the opportunity that Supplier 5's failure to achieve Strategic Alignment with the customers presented. At the same time my company needed to improve the management of transactional constructs firstly in order not to lose further ground against Supplier 5 and eventually to redress the balance of customers perceptions.



These observations formed, I believe, the basis for a programme of action and intervention that was to be the basis of Cycle 2 of this research



## **Chapter 8 - PREPARING FOR BATTLE**

The situation faced by my company as it appeared after the work of Cycle 1 called, in my estimation as an experienced practitioner, for dramatic and bold action. My instinct as a practitioner was to react swiftly and effectively, using the resources at my disposal to make effective interventions with a view to restoring my company's position in its market place.

As I set out on what I see as the second cycle of this research, I believe that the benchmarking undertaken in the first cycle had clearly pointed to the areas that call for such intervention. The constructs that Cycle 1 most obviously pointed to as requiring action will be recalled as being the Rate of Innovation construct and the closely related one of Breadth of Product Range. In addition, Strategic Alignment, Value for Money Services, Product Quality and our Customer Service also attracted substantial overall negative comment.

Cycle 1 ended with the reflection that perhaps the foundation for the necessary interventions may be build on the few constructs that received positive feed back, namely Knowledge of Business and Support of Marketing. This Chapter will describe the internal path that was taken within my local organisation in order to plan interventions aimed at improving the situation of my company. This was a process that may best be described as one of internal group analysis and reflection, which indeed called on the group's knowledge of business and of marketing.

### **8.1 PREPARATION FOR 'THE PENTELIKON HOTEL SUMMIT'**

The management group had been aware of, and indeed involved in, the developing picture of Cycle 1 during the progress of the research. I had also made an internal presentation of the results of the benchmarking round of interviews as soon as they were to hand. Not surprisingly my colleagues were shocked by the extent and depth of the unhappiness amongst customers. It was agreed that a two-day residential off site meeting should take place to give us all the opportunity to work out our company's response. It was further decided that we should invite to this meeting representatives from both the company's development centre in Italy and from the corporate headquarters.

In preparing for the meeting I took time to consider what could be achieved by the end of it and by what process the objectives of the meeting could be fulfilled. The first objective was, I felt, to ensure that the whole management group understood the content of the



customer interviews and to then distil from that understanding an appreciation by the whole team of the problems that my company, indeed our company, faced in the minds of the customers' managers.

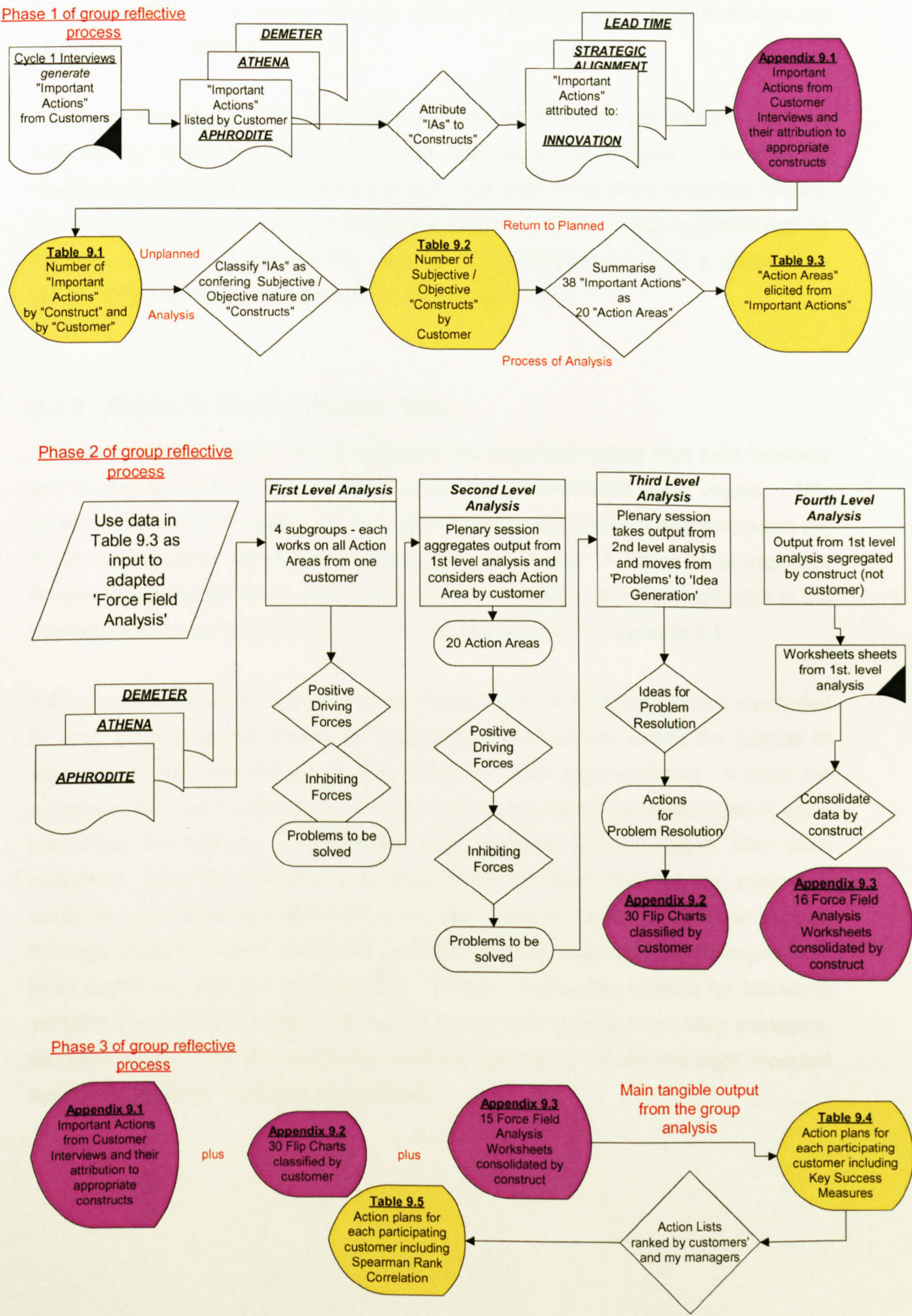
The second objective for the meeting was, I felt, to develop a programme of interventions to be implemented with each of the four customers participating in this research. Once the management team had fully appreciated the nature of the problems faced, I wanted them to contribute suggestions for activities that would directly address the areas of concern raised by the managers of participating customers. I wanted these responses to draw on our knowledge of our own company and its business rather than to be simple reactions to requests for action made in the customer interviews. The managers who had participated in those interviews were not, after all, fully conversant with our possibilities and simply falling back on what they had said during the interview process would be, I felt, too easy a rejoinder from our side. Thus our interventions had to address the areas of concern of the respondents but also had to go further than their expectations of us.

My aim was to design an agenda for the meeting that would tease out from the management group first an appreciation of the problems we faced and secondly lead to the establishment of a set of actions aimed at resolving these problems. I wanted this to be achieved by following a process of analysis that would keep the areas of concern raised in the interviews to the fore but that would also distance the management group sufficiently from the emotion of implied criticism so as they would be able to respond fully and effectively.

Figure 8.1 illustrates the process I designed as an agenda for the meeting and which I hoped would provide ample opportunity for group analysis and reflection. Rather than describe each of the tools and steps of the design here, I will let the narrative of the chapter introduce each one in turn and discuss its significance at appropriate points in the text.



**Figure 8.1:**  
**Flow Chart of the Group Reflective Process for Analysis of Interview Data**





**8.2 BEGINNING THE GROUP ANALYSIS AND REFLECTION**

I have mentioned above the decision to convene an off site meeting to address the proposed process of group analysis and reflection. The meeting took place in The Pentelikon Hotel in a northern suburb of Athens in the summer of 2001 to discuss the situation that our company faced.

To begin the meeting I asked participants to turn to the records of the interviews with the participating customers' managers that had been generated in Cycle 1. Each of the respondents had been asked, at the end of the interview, to list three 'Important Actions' that he felt our company should address as a matter of priority. These Important Actions seemed a good place to start the planning of interventions since, in a sense, they sketched the response expected from us by our customers.

**8.2.1 Phase 1: The customers' view**

Having started the meeting we first examined the Important Actions from each interview and attributed them to the construct, which they would most likely impact. This attribution was in most cases quite obvious and in the few cases where discussion did occur, the attribution was made by achieving a consensus. A listing of all Important Actions mentioned by all the managers from each customer, and their attribution to the nearest construct by the group may be viewed, by customer, in Appendix 8.1.

Table 8.1 summarises the outcome of the attribution of the Important Actions mentioned by each responding manager to an appropriate construct and shows the number of Important Actions emanating from each customer under each construct. It ranks the constructs, from left to right, by the total number of Important Actions attributed to each. Innovation, for example, spawned the most Important Actions (eight) from three customers. Value for Money was an area where managers from all four customers called for a total of seven Important Actions, thus Table 8.1 ranks this construct second. Strategic Alignment gave rise to five Important Actions suggested by managers from three customers, putting it in third place. Product Quality and Support for Marketing attracted the smallest number of Important Actions from among responding managers, two each, so placing them towards the bottom of the ranking. In all thirty-eight Important Actions were mentioned by the respondents.



**Table 8.1**  
**Summary of the attribution of Important Actions to Constructs,**  
**shown by customer, made during the group reflective process**

[illegible]



As a next step, the meeting discussed the nature of the thirty-eight Important Actions in order to better understand the suggestions of the responding managers. Interestingly, as we discussed the customers' views, it seemed that certain constructs attracted suggestions for Important Actions that seemed to be either subjective or objective in nature. In a way, this clustering of subjective or objective Important Actions around specific constructs conferred on the constructs themselves a subjective or objective nature and seemed even to influence the group's understanding of the nature of certain of the constructs. For example, we found that our discussion had resulted in very operational Important Actions (e.g. *'across the board price reductions'* and *'improvements in working capital'*) being attributed to Value for Money, a construct that we had earlier approached as if it were a subjective issue. The group seemed to have realised that Value for Money was quite an objective construct in the minds of the responding managers. Perhaps the customers were focusing on 'money' whilst we were focussing on 'value'?

As a result of our discussion, another three constructs were judged to be rather more objective in nature than we had previously understood them to be. Lead Time for example is easily measured, Product Quality is validated by checking against product specifications and the level of Technical Service is observable through the efficient running of plant. Important Actions attributed to Innovation, Strategic Alignment, Customer Service, Operational Efficiency and Support for Marketing were judged to be subjective as they tended to include actions that involved significant improvements in communication and treatment of the customers.

This digression into a consideration of subjective / objective characteristics of Important Actions and constructs was an unplanned addition to the analysis but was judged by all the participants of the meeting to have been a useful sidetrack which illuminated some of the customers' ideas. Table 8.2 shows the outcome of this unplanned breakdown of Important Actions by the Subjective / Objective categorisation for each customer. It appears from the table that in the case of three customers, the number of suggested subjective and objective Important Actions is roughly similar. However, the managers of Athena seem to have tended towards proposing more subjective than objective Important Actions by a ratio of two to one. This, we felt would probably influence the nature of interventions to be made at that customer.



**Table 8.2**  
**Outcome of the unplanned analysis of Important Actions**  
**by the Subjective / Objective categorisation and by customer**

[illegible]



### **8.2.2 *Distilling the customers' view***

Upon completion of the attribution exercise, and the impromptu classification by subjective and objective nature, I returned to the planned process of analysis and suggested that thirty-eight Important Actions were too many to deal with. I proposed that we should attempt to distil the Important Actions into more easily manageable Action Areas. These were to be headline summaries of subjects where action was demanded by the responding managers and which might group a number of Important Actions together. However, if an Important Action was considered to be unique it might be left in place as an Action Area on its own.

Table 8.3 presents the outcome of this, once again, consensus driven process and may be seen as summarising both the planned and impromptu outcome of the whole discussion up to this point. It lists twenty Action Areas classified under the constructs closest to their focus. The table also groups constructs by those attracting subjective or objective Action Areas and shows the number of Important Actions that have been summarised under the construct. Finally, the table also shows which customers' managers had called for action of this type.



Table 8.3 Action Areas elicited from Important Actions, classified by appropriate construct				
Construct	Subjective/Objective	Number of IA's	Summarised Action Areas	Customers calling for this type of action
Strategic Alignment	S	5	Trust / Confidentiality	Aphrodite / Athena / Demeter
			Common business 'plan' ( <i>ventures?</i> )	
Customer Service	S	3	Information flow and Key Account Management	Athena
Support of Marketing	S	2	Involvement in customer's advertising and promotion	Aphrodite
Innovation	S	8	Give information on progress of Innovation	Athena / Demeter / Hera
			Get Innovations to market quickly	
Operational Efficiency	S	3	Equipment flexibility (cross reference to Innovation)	Athena / Demeter / Hera
Lead Time	O	5	Reduce pre-press lead time	Athena / Demeter
			Reduce packaging material lead time	
			Availability of spare parts locally	
Product Quality	O	2	Ad hoc quality problems	Aphrodite / Demeter
			Package safety	
Technical Service	O	3	More people in Technical Service supporting customers	Aphrodite / Hera
			Better technical training for both our and customers staff	
Value for Money	O	7	Reduce prices for packaging material, packaging machines and spare parts	Aphrodite / Athena / Demeter / Hera
			Reduce minimum order level	
			Cost reduction in relation to working capital	



At his stage of our discussion both the management team and I felt that we had developed a useful framework for further reflection. We had summarised the responses expected of us by the customers in terms of constructs that appeared to take priority (Table 8.1), we had distilled thirty-eight disparate Important Actions into twenty more manageable Action Areas (Table 8.3), and these we had additionally classified as subjective or objective in nature (Table 8.2), and we had an idea as to the balance of preference among customers between these two types of action. In all, it was probably fair to say that the management group had achieved the first objective I had set for the meeting – that of attaining an appreciation of the problems we faced as a company.

### **8.3 FROM 'APPRECIATION' TO 'ACTIONS' – HOW TO GET CREATIVE?**

Having brought about the required appreciation of the problems we faced as a company I was left with the question of how to promote creative thought about effective future interventions among the management group. Whilst planning the process of analysis and reflection to be used in the meeting, I had been struck by the words of Art Kleiner, reported in an interview with Bruce Lloyd (Lloyd and Kleiner 1997) about a book he published in 1996 concerning the role of what he called 'heretics' in corporate development. In the interview, Kleiner notes:

I began to realise that the driving force was not outside consultants but the presence of people inside the companies who, in one way or another, are both loyal to the company and convinced that something is seriously wrong with the conventional management wisdom; and that they needed to act. (p. 251)

As a next step in our analysis and reflection I believed that it would be necessary for all participants in the planned meeting, whose loyalty to the company I did not question, to be convinced that '*something was seriously wrong*' and that '*they needed to act*'. I felt that in order to be able to act, the participants in the meeting would need not only a common understanding of the dynamics that were shaping the circumstances of our company but also that they should demonstrate a commitment to active involvement in the planning of radical and creative interventions with our customers.

According to de Bono (1992), Cougar (1995) and McFadzean (1998a) an appropriate climate for creativity can be established by changing a person's way of thinking. Such a change seemed to me to be an essential first step in achieving my stated aims for the meeting. McFadzean has contributed significantly (e.g.1999) to the literature on creative problem solving in organisations. She has also made important suggestions (1998b) concerning techniques to bring about such change in a person's mindset and categorises them as Paradigm Preserving, Stretching or Breaking techniques.



Bearing in mind my need to get to outcomes as efficiently as possible, some of the group exercises suggested by McFadzean (2000) for the achievement of Paradigm Breaking and Stretching conditions seemed to me to be dangerous in that they could lead in directions that did not match the requirements of my overall situation. In addition, they resembled psychological exercises which I certainly did not feel myself qualified to facilitate. However, the same author (1998c) does acknowledge that conditions for group creativity can be established more safely by using what she calls Paradigm Preserving techniques. These include a number of more familiar creative stimulation methods such as brainstorming and she also makes a case for 'Force Field Analysis' as a means of provoking ingenuity in-group discussions.

Force field analysis (FFA) is a creative problem solving technique developed by Kurt Lewin in the late 1940s (1947) and early 1950s (1951). In its pure form it aims to represent diagrammatically, in a manner reminiscent of a vector diagram in applied mathematics, the key forces in a situation characterised by conflict or planned change. Lewin's intention was to use the resultant diagram as an aid to more effective resolution of conflict or in better implementation of planned change as part of his development of the Action Research idea.

As a first step, the technique aims to identify the driving forces promoting a shift in the situation being analysed, as well as those inhibiting such a shift. The next step is to estimate the strength or importance of each force and represent its vigour by the length and direction of an arrow drawn on a diagram. Upon completion of the diagram, the analysis focuses on the aggregate strength of the positive driving forces versus the aggregate strength of the inhibiting forces in the belief that conflict can only be avoided, or change brought about, if the positive driving forces dominate. The diagram essentially poses a problem to the analyst of how to alter the shape of the forces at work in the environment so as to maximise the chances of bringing about the desired change of circumstances.

Lewin's 1950's thinking on a model for change has reappeared more than once in the literature of the ensuing decades as Organisational Development has established itself as a discipline within organisational science and as the strategic management literature has flourished. For example, the 'Cultural Web' model (Heracleous and Langham 1996) proposed by Hay Management Consultants relies heavily on the identification of forces blocking and facilitating change whilst the 'SPACE (Strategic Position and Action Evaluation) Framework' (Rowe, et al. 1993) is a tool proposed for the analysis of a company's 'strategic posture' which bears a more than passing resemblance to FFA.



These precedents for the adaptation of a good old idea encouraged me, at the planning stage of the meeting, to make some adaptations to FFA that would enable me to make use of its principals in the discussion, where I knew time would be short yet results had to be achieved.

In beginning to consider how I could adapt FFA to my needs, I took note of Lewin's view that the application of the technique requires the participation of people who are familiar with the situation under discussion. This requirement for familiarity is nevertheless also a potential hazard in that some important forces may be considered by the group of analysts to be insignificant whilst others may not be detected at all. Thus, the wider the perspective of the group making the analysis, the better its chances of avoiding such pitfalls. After some thought on the matter, I was confident that this caveat would be adequately dealt with in the composition of the participants of the meeting. Firstly, the whole management group would take part, each bringing their own personal and functional perspective on our situation. Secondly, it will be recalled that we had invited two senior managers from outside our local organisation. They certainly would have a different view of our situation than we did ourselves whilst at the same time being sufficiently familiar with its context to be able to make valuable contributions.

The plan that I finally settled upon for the first level of analysis in Phase 2 of the group reflection process was that the meeting should address each Action Area in turn as a 'situation' and discuss it from the perspective of FFA whilst seeking to identify both positive and negative forces at work. Once the forces at work had been identified, I wanted to go straight to the problem restatement stage. I felt that the restatement of the Action Areas as problems would be a second stage of the distillation which had started earlier with the Important Actions and would constitute the first step in moving from the appreciation of the situation, achieved by the end of Phase 1 of the analysis, towards the second objective of the whole process which was the creation of action plans for each participating customer.

I was of the view that I could proceed with the analysis without spending time on the graphic representation of the forces at work as I felt that this part of the technique would be too contentious, too time consuming and even too much fun to be undertaken in our meeting! I was also of the view that the generation of ideas for problem resolution could be achieved more simply by considering all the forces acting on a problem together with the problem itself and need not depend on a contemplation of the forces' hypothetical strength.



8.4 CONTINUING THE GROUP ANALYSIS AND REFLECTION

Once the meeting had come to the end of the first phase of the analysis process and had captured its outcome in Table 8.3, I explained the principles of FFA to the participants and said that the rest of the day would be spent on this second phase of analysis. During this session we would consider each customer in turn and try to determine what where the Positive Driving Forces and Inhibiting Forces behind each of the Action Areas raised by the managers of that customer. It was made clear that the object of this scrutiny of the Action Areas was to go beyond the significant driving and inhibiting forces for each Action Area with a view to its reinterpretation as a problem to be solved.

8.4.1 Phase 2: Force Field Analysis group work

I then distributed a number of 'Force Field Analysis' worksheets (see Figure 8.2 for a sample) to each participant and split the participants of the meeting into four sub-groups.

Figure 8.2

Force Field Analysis Worksheet

Important Action Area:

Matching Construct:

Participants:

Positive Driving Forces (+):

\*

\*

\*

\*

\*

\*

\*

\*

\*

Inhibiting Forces (-)

:

Significant Driving Forces:

Significant Inhibiting Forces:

Interpretation of Important Action Area as a 'Problem', based on review of forces:

Ideas for resolution of 'Problem':

\*

\*

\*

Evaluation of Ideas

:



Each sub-group was to consider the contents of Table 8.3 from the perspective of one customer. Our guests and I moved around the groups during the session participating in discussion as required. I had planned this division firstly in the hope making the best use of available time and secondly in the expectation that discussion would flow more freely in smaller groups.

The sub-groups effectively now went through four simultaneous cycles of 'Force Field Analysis', one for each customer, which I have called 'first level analysis' in Figure 8.1. Each simultaneous cycle addressed all of the Action Areas raised by the sub-group's allotted customer and recorded in Table 8.3 as the output of Phase 1 of the group analysis and reflective process. In cases where more than one customer had signaled certain Action Areas, the Action Areas were of course analysed by two or more of the sub-groups. I felt that this was a useful approach since if the Action Area had been raised by more than one customer then it was likely to be one with a relatively high impact on my company's situation and thus deserved the added attention that work on it by more than one sub-group would ensure.

Initially, participants were encouraged to use the 'Force Field Analysis' worksheets for a period of personal thought at the start of the work on each customer and to consider the driving and inhibiting forces affecting the Action Areas relevant to the customer being considered. Then, based on these personal reflections, a discussion was to be undertaken within the sub-group. I tried during group discussions to tease out of each sub-group the restatement of the Action Area pertinent to the customer they were considering as a problem for solution as required by the 'Force Field Analysis' technique.

#### **8.4.2 Force Field Analysis plenary session**

At the end of the time allotted to the group work a substantial number of individual FFA worksheets had been generated and we then reconvened in plenary session to continue what I have called in Figure 8.1 the 'second level of analysis' in Phase 2. I used the input from the sub-groups to facilitate a 'group reflection' on each customer in turn and on each Action Area that was pertinent to that customer. In the case of common Action Areas we stuck to the flow of the discussion and introduced the contributions of other sub-groups without waiting for 'their' customer's turn on the agenda. We considered this part of the analysis complete when each customer had been dealt with and when the restatement of each Action Area as a problem had been agreed on.



### **8.4.3 *From problems to ideas for their solution***

As its next stage, after the restatement of the issue at hand as a problem, the 'Force Field Analysis' technique calls for ideas to be generated for the resolution of the problem and for the viability of these to then be evaluated by the analysts. These ideas are in effect the fruit of the reflective process and are essentially the blueprints for interventions whilst the discussion on viability frequently centres on barriers to the implementation of the idea. Continuing then with the 'third level of analysis' in Phase 2 (see Figure 8.1) the meeting then moved onto the generation of ideas for solving the problems inherent in the Action Areas.

It transpired during the meeting that there was not a single structured flow to this part of the discussion. When talking about some customers, it appeared easier to go straight through from the moment of problem definition onto a discussion and evaluation of ideas for its resolution whilst when discussing other customers, the moment at which a problem was defined was often a moment calling for a break in discussion and another period of personal thought before the group discussion was undertaken again. Whichever route was adopted, the progress of the evolution and evaluation of ideas was encouraged through and recorded by use of the flip charts.

By the end of a long day the management team and our guests had individually generated a large number of 'Force Field Analysis' worksheets together with thirty flip charts tracing the generation of ideas for their resolution. Appendix 8.2 (available through the enclosed Compact Disc) shows the flip charts that were made during the discussion and classifies them by customer. The Appendix is accompanied by a reflexive commentary that is an integral part of this chapter. In order to facilitate their scrutiny by the reader, the charts have been annotated electronically. The FFA worksheets generated by the participants of the meeting are not included in this document as they were further analysed as described below.

### **8.4.4 *Consolidation of the Force Field Analysis***

The individual participants' worksheets, made during the sub-group work in the first level of analysis of this second Phase, could be categorised in two ways: either by customer or by construct. In choosing a route for their analysis in the 'fourth level of analysis' of Phase 2, I had originally intended to continue with a customer categorisation that would reflect the agenda of the meeting and the work of the sub-groups. However, the impromptu categorisation of Important Actions by their subjective or objective nature, which took place during Phase 1 of the analytical process, gave me an opportunity to 'shuffle the cards' and follow a categorisation by construct. I decided on the spur of the moment to follow this route as I my instinct as a practitioner lead me to believe that if I



could avoid direct association of the restated problems with the customers then the process of generating ideas for problem resolution would be more fruitful.

Thus I asked the participants to segregate their 'Force Field Analysis' forms into three piles made up of the Action Areas contiguous to the following constructs:

Set 1: *Rate of Innovation and Operational Efficiency*

*Strategic Alignment*

*Customer Service*

*Support of Marketing Department*

Set 2: *Lead Time*

*Product Quality*

*Technical Service*

Set 3: *Value for Money*

When I had earlier in the day spotted this unexpected opportunity for categorising the worksheets in this way, I realised that Set 1 would correspond to those constructs where analysis had proceeded from the subjective Important Actions ascribed at the outset of this process in Phase 1. Set 2 would be made up of the three constructs which in Phase 1 had taken in clearly objective Important Actions whilst Set 3 would be focused on the intuitively subjective construct of Value for Money which stored within it several clearly objective Important Actions from the first phase of our group reflective process. I then invited the group to split into three teams, each of which took it upon themselves to consolidate all the 'Force Field Analysis' worksheets within one of the three sets.

This process of consolidation required the teams to reflect, this time in smaller groups, on the problems and the ideas for their resolution that needed to be addressed if we were to improve our customer's view of us as a company.

The resultant sixteen consolidated forms are presented in Appendix 8.3 and constitute a complete suite of data when taken together with the thirty flip charts of Appendix 8.2.

By the end of this work, the meeting had gone on late into the evening and it was decided to adjourn for dinner and to resume the next day. The object of the next day's meeting would be to bring together the various strands of our group work with the aim of establishing specific action and intervention plans for each of the four participating customers.

## **8.5 CONSOLIDATING THE ANALYSIS SO FAR**

Resuming our meeting the next day with a vigour that in some cases was inversely correlated to the amount of time spent in post-prandial late night reflection, we agreed



that the objective for the day was to establish four action plans, one for each of the participating customers. The process for establishing the plans would revert to a treatment by customer, rather than by construct, for reasons of organisational simplicity and we would build our plans by drawing on three elements from our previous work. These elements were to be:

- a) the consolidated 'Force Field Analysis' worksheets (see Appendix 8.3) that had been the product of the last working session of the previous day, and which I now felt were a good source of ideas for problem resolution,
- b) the flip charts (see Appendix 8.2) that were a link between the ideas contained in the consolidated 'Force Field Analysis' worksheets and the previous day's discussion around individual customers,
- c) the attribution of all Important Actions, mentioned by the managers from each customer, to the nearest construct that they impacted and which had been made as a first step in our group work (see Appendix 8.1). The data in this Appendix would provide a cross check that our analysis of each customer, and the proposed actions that came from it, really was addressing the needs of that customer.

### **8.5.1 Phase 3: Establishment of the Action Plans**

As we began Phase 3 of the group reflective process we soon found that the foundation laid by the previous two Phases of analysis, made this day's work much easier and quicker than anticipated. We found that discussion tended to be relatively short and was anyway characterised by few disagreements. Rather, the feeling was that the interventions that were to be included in the four action plans were 'obvious' and followed 'logically' from the previous days work.

However, one feature of the day's discussion is worthy of note. Whilst nominally expecting to spend one quarter of the time available on the action plan for each customer, in practice it was found that the total time to prepare the action plans for Aphrodite, Demeter and Hera was about the same as that taken to complete the single plan for Athena. It should be emphasised that the longer discussion of Athena's action plan was not confrontational and that the same sense of 'inevitability' about its outcome described above also pertained here. However, the disparity was due I believe to the fact, reported in Table 8.2, that there was a more or less equal distribution of subjective and objective Important Actions emanating from the first three customers, whilst Athena's Important Actions were found to be skewed towards the subjective. The consequence of this difference was felt in the type of interventions needed to impact Athena's problems, which in turn required much more subjective measures of success.



Simply put, I believe that the subjective nature of the proposed interventions and their consequences attracted more discussion than occurred around objective actions!

The completed action plans for each customer are shown in Table 8.4. It will be noted that in addition to the agreed actions themselves, the plans restate the construct that actions address, make a cross reference to any original customer generated Important Action that may be associated with the proposed intervention, nominate process owners and team members, set key measures for success and define expected completion dates.

With the full set of action plans agreed, the second day of the meeting drew to a close a little sooner than expected. Our guests left for the airport and the management group went home earlier than usual, no doubt to rest but also I believe to think about the lessons of our two-day 'Marathon' in Athens! However, this was not the end of Phase 3 of the group reflective process.



Table 8.4  
Action Plan for APHRODITE

Construct Addressed	Agreed Action	Success Measure		Process		Team		Customer		Expected Completion
				Owner		Members		'Important Action'		
Value for Money	Try to understand the comparison base	Confidence that we understand		CK		DS				Feb. 2002
	Review prices of packaging material	Full open book financial analysis				ND		Reduce the cost of packaging material		end 2001
	Explain SUC versus previous LQS system for small orders	Confidence that they understand				CK		Reduce the cost of packaging material		Oct. 2001
	Review prices of Spare Parts	Full open book financial analysis				SG		Reduce cost of spare parts		end 2001
Quality of Technical Service	Implement a maintenance agreement	Have it implemented by end 2001		SG		CX		More people in technical support team		end 2001
	Training programme for customer's technicians	Have it implemented by end 2001				CX		Increase level of expertise of tech. staff		end 2001
	Encourage customers to do the training we recommend	Take up of training courses				CX				ongoing
	Continuous follow up of training at the customer's site	Bi-Monthly review				CX				ongoing
Strategic Alignment	Do a process audit of the plant and make recommendations	Complete by end 2001		CK		CK		Reorganise the factory using new machines		end 2001
	Introduce KAM	If go then by end 2001				PS				end 2001
Product Quality	Review quality record of deliveries from Italy	No claims from Italy		SG		SG		General problems with Italy raised as IAs		Oct. 2001
	Ensure claims procedure is running smoothly	Review done by end Oct. 2001				SG				Oct. 2001
Support of Marketing Dept.	Use Thessaloniki office as a commercial base... (Viability of locating KAM there)	Number of commercial meetings If 'go' then by end 2001		CK		PS		Support needed due to reorganisation...		In 2002
						PS				end 2001
	Work on a proposal to contribute to new image for Aphrodite: on product quality	Proposal made				CK		Specifically on advertising and promotion		Mar. 2002
		on package design				SG				Mar. 2002
		on package design				CK				Mar. 2002



**Table 8.4 (cont.)  
Action Plan for ATHENA**

Construct	Agreed Action	Success Measure	Processes	Team	Customer	Expected Completion
Addressed			Owner	Members	'Important Action'	Completion
Lead Times	Co - Printing (a current initiative)	Reduce the number of orders	JMM	VT	The factories should be more flexible	Apr. 2002
	VMI (a current initiative)	Reduction of customer's stock		ND	Above + spare parts to be locally available	end 2002
	Review transport arrangements	Agreement with customer		MK	Reduce lead time of packaging material	end 2001
Value for Money	Try to understand the comparison base	Confidence that we understand	JMM	DS		Feb. 2002
	Review prices of packaging material	Full open book financial analysis		JMM	Improve pricing	end 2001
	Explain SUC (versus LQS) system for small orders	Confidence that they understand		JMM	Improve pricing	Oct. 2001
Innovation and Product Range	Determine what Athena mean by Innovation	Confidence that we understand	JMM	JMM & PS		end 2001
	Use the BRM to communicate on innovation	Shared Market Vision with Athena		PS	Release products that will lead the market	end 2001
	Establish an 'Innovation Forum' with Athena	Shared Market Vision with Athena		KM	Product portfolio enhancement	end 2001
Operational Efficiency	WINBACK' (a current initiative)	Continue with technical initiative	SG	SG & PG	Redesign m/c's to handle multiple pack sizes	Mar. 2002
	PIP' (a current initiative)	Continue with productivity initiative	JMM	SG & PG	Be closer to Athena	Mar. 2002
Customer Service	Introduce KAM	Have it implemented by end 2001		PS	The introduction of an account manager	end 2001
	Training on the machine on new products	First round done by end Oct. 2001		SG	Be closer to Athena	Oct. 2001
Strat. Al.	Establish an 'MD Forum'	Number of MD meetings	PS	PS	Persuade us that we can trust you	Oct. 2001



Table 8.4 (cont.)  
Action Plan for DEMETER

Construct	Agreed Action	Success Measure	Process Owner	Team Members	Customer I.A.	Expected Completion
Value for Money	Try to understand the comparison base Review prices of packaging material/spare parts Explain SUC (v. LQS) system for small orders	Confidence that we understand Full open book financial analysis Confidence that they understand	GK	GK		Feb. 2002
Product Quality	WINBACK' (a current initiative) Improve line efficiency Ensure claims procedure is efficient Hold a quality seminar	Continue with technical initiative Better efficiency figures Increase rate of claims processing Done in early 2002	SG	SG & PG SG SG SG & DS	Product Quality Assurance Product Quality Assurance Product Quality Assurance Product Quality Assurance	Jan. 2002 Nov. 2001 end 2002 Jun. 2002
Innovation	Determine what Demeter mean by Innovation Design a process for the introduction for NPD Discuss products that are right for this market Train our personnel on new products Work with R&D on innovations specifically for us Improve communication across all constructs	Confidence that we understand During first half 2002 2 meetings at MD level per year Internal training plan by end 2001 During 2002 Relationship Plan by end 2001	GK	GK & ND GK GK & ND SG & ND PS & ND ALL	Info. on availability of new m/c's Need to anticipate market trends Need to anticipate market trends Increase speed of innovation	Oct. 2001 Mar. 2002  end 2001 end. 2002 ongoing
Strategic Alignment	Introduce KAM	Have it implemented by end 2001	PS	PS	The introduction of KAM	end 2001
Operational Efficiency	Training on the machine on new products	First round done by end Oct. 2001	GK	SG	Improve equipment flexibility	Oct. 2001
Lead Time	Co - Printing (a current initiative) e-mail order placement Review order confirmation routines Review transport arrangements	Reduce the number of orders No. of e-mail v. traditional orders Agreement with factory Agreement with customer	GK	VT DM MK MK	Reduce lead-time of pack. mat. Reduce lead-time of pack. mat. Reduce lead-time of pack. mat. Reduce lead-time of pack. mat.	Apr. 2002 Apr. 2002 end 2001 end 2001



Table 8.4 (cont.) Action Plan for HERA						
Construct	Agreed Action	Success Measure	Process Owner	Team Members	Customer I.A.	Expected Completion
Addressed						
Value for Money	Try to understand the comparison base and link to 'Innovation' Review the commercial basis of System 1 operation (including costs of packaging and new machines) Review prices of Spare Parts Introduce KAM	Confidence that we understand Full open book financial analysis Full open book financial analysis Full open book financial analysis Have it implemented by end 2001	ND	DS ND ND SG PS	Provide cost reduction proposals	Mar. 2002 Mar. 2002 end 2001 Oct. 2001 end 2001
Quality of Technical Service	Implement a maintenance agreement Training programme for customer's technicians Encourage customers to do the training we recommend Continuous follow up of training at the customer's site	Have it implemented by end 2001 Have it implemented by end 2001 Take up of training courses Bi-Monthly review	SG	CX CX CX CX	Improve technical support	end 2001 end 2001 ongoing ongoing
Operational Efficiency	Get System 1 specialists to visit and check the performance Replace System 1 with System 1 Plus Try to sell System 2 to the customer	Visit made by end Oct. 2001 Decision by end 2001 Decision by end 2001	ND	ND & SG ND ND	Improve equipment efficiency & flexibility	Oct. 2001 end 2001 end 2001
Innovation	Determine what Hera mean by Innovation Design a process for the introduction of new products Have frequent talks on products that are right for this market Train our personnel on new products Improve our market intelligence database Work with R&D on innovations specifically for us Improve communication and not only on this construct	Confidence that we understand During first half 2002 2 meetings at MD level per year Internal training plan by end 2001 During first half 2002 During 2002 Relationship Plan by end 2001	PS	PS & ND PS PS & ND SG & ND ND & DS PS & ND ALL	Seeking information on innovative products	Oct. 2001 Mar. 2002  end 2001 Apr. 2002 end. 2002 ongoing



## 8.6 VERIFICATION OF THE ANALYSIS

Having had the management group analyse and reflect upon the data from the interviews of Cycle 1 and having arrived at a viable set of interventions for each customer, which very clearly had their commitment, I still needed to ensure that these interventions did indeed match the needs of the participating customers.

Leaving a few days for normal business to resume after our summit, I arranged to meet, over a period of two weeks, the managing directors of the participating customers together with their managers. The purpose of these four meetings was to demonstrate to our respondents that 'things were happening' after their involvement in the benchmarking exercise of Cycle 1. I also wanted to present to them the actions that we now proposed to undertake with their particular organisation in order to obtain their agreement and cooperation. In effect I wanted to ask 'have we understood what you are saying to us and are we going about improving the situation in the right way?'

In all four cases, the meeting, when it took place, proceeded smoothly and the action plans were accepted by each of the customers. There was, in the case of one of the customers, scepticism about my company's ability to fulfil such an ambitious plan, I also felt that another customer's managers had little real understanding of the work that had been done so far or of that that remained to be done. Nevertheless, whatever the motives of the managers I was speaking to, by obtaining their acceptance I had avoided the potential disaster of outright rejection of any of the action plans. I felt able to move on to the final step in my verification procedure.

At the planning stage of the analysis process, I had felt that it would be useful to get an estimate of the congruence of ideas between the customers' managers and the management group as a second level indicator of the likely success of the interventions. I concluded that I might achieve this by obtaining two rankings of the final list of proposed interventions. These rankings would be carried out firstly by the responding managers from each customer and secondly by the management group. Each group would be asked to rank the proposed interventions by their likely impact on the perception of my company by the customer. Then by using Spearman's coefficient of rank correlation, I could gain an insight into the similarities, or differences, between the rankings made by the two groups. If the rankings had a high degree of correlation, I reasoned, there was a higher chance that the actions would be successfully implemented and that their effects would lead to positive changes in the customers perception of my company since both sets of managers 'saw' the interventions in a similar way. If the degree of correlation was small then the opposite might be the case.



The advantage of this simple test seemed to me that it separated acceptance of the action plans from an estimate of their likely efficacy and as such would also give me an indication of how to manage the implementation of the action plans with each customer.

So, as a final step in each of the meetings with the customers' managers, I asked them, as a group, to rank the elements of the proposed action plan that we had been discussing in terms of the likely impact of each of the interventions on their perception of my company. In no case was this a difficult procedure and the managers at all four companies agreed quite quickly amongst themselves on a ranking order for the interventions.

After I had collected the four sets of rankings from the customer meetings, I called a management meeting within my organisation, this time in our office. At this meeting I asked the management group to review each of the four action plans and, without knowledge of the customers' rankings, to rank the interventions according to the likely impact that each would have on the perception of our company by the customer's managers. This was a consensus driven process that, following the experience of the Pentelikon summit, represented no difficulty for the group.

The two sets of rankings for each of the four action plans, and the results of the calculation of Spearman's coefficient of rank correlation based on them, are presented in Table 8.5.



Table 8.5 Summarised Action Plan for APHRODITE, including Spearman's rank correlation calculation						
Construct Addressed	Agreed Action	Ranking according to likely impact on perception of my company				
		Aphrodite Managers	My Managers	d	d <sup>2</sup>	
Value for Money	Try to understand the comparison base	13	13	0	0	
	Review prices of packaging material	7	8	-1	1	
	Explain SUC versus previous LQS system for small orders	12	7	5	25	
	Review prices of Spare Parts	6	9	-3	9	
Quality of Technical Service	Implement a maintenance agreement	15	4	11	121	
	Training programme for customer's technicians	14	5	9	81	
	Encourage customers to do the training we recommend	11	6	5	25	
	Continuous follow up of training at the customer's site	9	10	-1	1	
Strategic Alignment	Do a process audit of the plant and make recommendations	10	3	7	49	
	Introduce KAM	4	2	2	4	
Product Quality	Review quality record of deliveries from Italy	5	11	-6	36	
	Ensure claims procedure is running smoothly	6	12	-6	36	
Support of Marketing Dept.	Use Thessaloniki office as a commercial base.	16	1	15	225	
	Work on a proposal to contribute to new image for Aphrodite:					
	on product quality	3	14	-11	121	
	on package design	2	15	-13	169	
	Create a 'bis. plan' and present as ready proposition	1	16	-15	225	



Table 8.5 (cont.) Summarised Action Plan for ATHENA, including Spearman's rank correlation calculation									
Construct Addressed	Agreed Action	Ranking according to likely impact on perception of my company					Ranking according to likely impact on perception of my company		
		Athena Managers			My Managers		d		d2
Lead Times									
	Co - Printing (a current initiative)	9			10		-1		1
	VMI (a current initiative)	8			9		-1		1
	e-mail order placement	10			12		-2		4
	Review order confirmation routines	14			16		-2		4
	Review transport arrangements	13			11		2		4
Value for Money									
	Try to understand the comparison base	16			14		2		4
	Review prices of packaging material	7			8		-1		1
	Explain SUC versus previous LQS system for small orders	12			15		-3		9
Innovation and Product Range									
	Determine what Athena mean by Innovation	15			6		9		81
	Use the BRM as the basis of communicating on innovation	5			5		0		0
	Establish an 'Innovation Forum' with Athena (see 'UK Model')	1			1		0		0
	Make use of the 'value line' concept	17			17		0		0
	WINBACK' (a current initiative)	2			2		0		0
Operational Efficiency									
	WINBACK' (a current initiative)								
	PIP' (a current initiative)	6			7		-1		1
Customer Service									
	Introduce KAM	4			4		0		0
	Training on the machine on new products	11			13		-2		4
Strategic Alignment									
	Establish an 'MD Forum'	3			3		0		0
	Introduce KAM								



Table 8.5 (cont.) Summarised Action Plan for DEMETER including Spearman's rank correlation calculation									
Construct Addressed	Agreed Action	Ranking according to likely impact on perception of my company							d2
		Demeter Managers	My Managers					d	
Value for Money	Try to understand the comparison base	5	8					-3	9
	Review prices of packaging material	2	18					-16	256
	Review prices of spare parts	4	5					-1	1
	Introduce SUC versus previous LQS system for small orders	12	1					11	121
Product Quality	WINBACK' (a current initiative)	1	2					-1	1
	Implement a service programme of planned maintenance	17	16					1	1
	Improve line efficiency	3	4					-1	1
	Ensure claims procedure is efficient	16	15					1	1
	Hold a quality seminar	18	23					-5	25
Innovation	Determine what Demeter mean by Innovation	23	20					3	9
	Design a process for the introduction of new products	8	6					2	4
	Have frequent talks on products that are right for this market	7	12					-5	25
	Train our personnel on new products	21	21					0	0
	Improve our market intelligence database	22	22					0	0
	Work with R&D on innovations specifically for us	9	3					6	36
Strategic Alignment	Improve communication and not only on this construct	10	9					1	1
	Introduce KAM	6	7					-1	1
	Training on the machine on new products	14	14					0	0
Operational Efficiency	WINBACK' (a current initiative)								
	Co - Printing (a current initiative)	13	11					2	4
	VMI (a current initiative)	11	10					1	1
Lead Time	e-mail order placement	15	13					2	4
	Review order confirmation routines	20	19					1	1
	Review transport arrangements	19	17					2	4



Table 8.5 (cont.) Summarised Action Plan for HERA, including Spearman's rank correlation calculation									
		Ranking according to likely impact on perception of my company							
Construct Addressed	Agreed Action	Hera		My		d		d2	
		Managers		Managers					
Value for Money	Try to understand the comparison base and link to 'Innovation'	2		2		0		0	
	Review the commercial basis of System 1 operation. (including costs of packaging and new machines)	7		7		0		0	
	Review prices of Spare Parts	13		13		0		0	
	Introduce KAM	1		1		0		0	
Quality of Technical Service	Implement a maintenance agreement								
	Training programme for customer's technicians	6		5		1		1	
	Encourage customers to do the training we recommend	16		17		-1		1	
	Continuous follow up of training at the customer's site	15		15		0		0	
Operational Efficiency	Get System 1 specialists to visit and check the performance	4		3		1		1	
	Replace System 1 with System 1 Plus	5		6		-1		1	
	Try to sell System 2 to the customer	11		12		-1		1	
Innovation	Determine what Hera mean by Innovation	3		4		-1		1	
	Design a process for the introduction of new products	14		14		0		0	
	Have frequent talks on products that are right for this market	9		10		-1		1	
	Train our personnel on new products	10		11		-1		1	
	Improve our market intelligence database	17		16		1		1	
	Work with R&D on innovations specifically for us	8		8		0		0	
	Improve communication and not only on this construct	12		9		3		9	



Table 8.5 (Cont.) Summarised Action Plan for APHRODITE, including Spearman's rank correlation calculation		
Number of Actions (n) =	16	
(n <sup>2</sup> ) =	256	
Total =	1128	
Spearman's Rank Correlation (r <sub>s</sub> ) =	$1 - \frac{6 \sum d^2}{n(n^2-1)}$	
$r_s = 1 - \frac{6}{16}$	x	1128
	x	255
r <sub>s</sub> =	-0.659	

Table 8.5 (Cont.) Summarised Action Plan for ATHENA, including Spearman's rank correlation calculation		
Number of Actions (n) =	17	
(n <sup>2</sup> ) =	289	
Total =	114	
Spearman's Rank Correlation (r <sub>s</sub> ) =	$1 - \frac{6 \sum d^2}{n(n^2-1)}$	
$r_s = 1 - \frac{6}{17}$	x	114
	x	288
r <sub>s</sub> =	0.8609	



Table 8.5 (Cont.) Summarised Action Plan for DEMETER including Spearman's rank correlation calculation		
Calculation 1 – based on 23 actions		
Number of Actions (n) = 23		
(n <sup>2</sup> ) = 529		
Total = 506		
Spearman's Rank Correlation (r <sub>s</sub> ) = $1 - \frac{6 \sum d^2}{n(n^2-1)}$		
$r_s = 1 - \frac{6}{23}$	x	506
	x	528
r <sub>s</sub> = 0.75		
Calculation 2– based on 21actions		
Number of Actions (n) = 21		
(n <sup>2</sup> ) = 441		
Total = 129		
Spearman's Rank Correlation (r <sub>s</sub> ) = $1 - \frac{6 \sum d^2}{n(n^2-1)}$		
$r_s = 1 - \frac{6}{21}$	x	129
	x	440
r <sub>s</sub> = 0.916		

Table 8.5 (Cont.) Summarised Action Plan for HERA, including Spearman's rank correlation calculation		
Number of Actions (n) = 17		
(n <sup>2</sup> ) = 289		
Total = 18		
Spearman's Rank Correlation (r <sub>s</sub> ) = $1 - \frac{6 \sum d^2}{n(n^2-1)}$		
$r_s = 1 - \frac{6}{17}$	x	18
	x	288
r <sub>s</sub> = 0.978		



When comparing the ranking of the management group with that of the managers of Aphrodite, a relatively strong inverse correlation ( $r_s = -0.659$ ) is found to obtain. This would suggest that the two groups of managers had different expectations as to the impact of the various planned interventions on the customer's overall perception of my company. It will be recalled that in the interviews, the managers of Aphrodite had a strong desire for my company to become involved in the operational aspects of their business, particularly on the marketing side. Examination of the two sets of ranks in Table 8.5 reveals that the Aphrodite managers indeed ranked operational marketing actions much higher in likely impact on their perception of my company than did members of the management group, who estimated that key account management and training would have a much more impact. Thus there would appear to have been a significant mismatch between the views taken by the respective management groups on the planned interventions, which caused me some concern at the very outset!

The degree of correlation between the management groups was found to be much closer ( $r_s = 0.860$ ) when examining the rankings concerning the action plan for Athena. This was a most encouraging outcome considering the degree of subjectivity in the problems raised by Athena's respondents that the management group had to deal with when building up the action plan for this customer. It gave cause for optimism that the interventions were at least addressing the concerns of Athena's managers and substantiated my impressions from the confirmatory meeting with the Athena respondents that the customer was confident that we were on track to deal with their concerns.

The calculation of the Spearman coefficient concerning the comparison of the ranking obtained from Demeter's managers with that of the management group gave a result of  $r_s = 0.750$ . This was a figure which I felt instinctively did not reflect the degree of accord between our two companies in the months since this research had begun. Closer examination of the two sets of rankings shows that on two of the planned interventions (*'Review prices of packaging material'* and *'Introduce SUC versus previous LQS for small orders'*) the two groups of managers had radically different views on their likely effects, whilst on the remaining twenty one actions the rankings seemed to follow a similar pattern. Indeed, the  $r_s$  value calculated only on these twenty-one actions gives a much more homogeneous result of 0.916. It is significant that this variation in perception of the interventions between the two groups occurred on actions addressing the Value for Money construct and this is clearly an area that needed to be carefully managed throughout the programme of interventions.

Remarkably, the result of the Spearman coefficient when comparing the results from the respondents at Hera with those from the management group, showed a very high



degree of positive correlation ( $r_s = 0.978$ ). This suggested that the two groups of managers were well attuned when it came to what needed to be done to improve my company's standing with that customer and I became quite confident about the success of this particular intervention programme as it rolled out.

## **8.7 SYNOPSIS OF THE GROUP ANALYSIS AND REFLECTION**

Having come to the point where the management group had, in my estimation, secured a strong appreciation of the problems faced by my company and then, through their commitment and creativity, having established and agreed action plans for each of the participating customers, I had the opportunity to consider what has been achieved.

The early part of Phase 1 of the group analysis and reflection brought about a ranking of constructs in terms of the number of times a particular construct was mentioned as being important by responding managers (see Table 8.1). The analysis which lead to the production of this table has, I believe, deepened my own understanding, and that of my managers, of the particular significance of the Rate of Innovation construct, which was first discussed in Chapter 7. This understanding is, I believe, evident in subsequent parts of the analysis described in this chapter and of course in the final action plans themselves. It is my intention that this thesis will, in later chapters, demonstrate how the implementation of the planned actions impinged on this specific construct.

I am pleased that during the group analysis and reflection I was able to make use not only of the strategy for the analysis that I had earlier planned (see Figure 8.1) but that the management group was also able to contribute to the design of the analytical work during our two day meeting. Indeed, the insight that the unplanned analysis reported in Table 8.2 gave into the preponderance of subjective Important Actions at Athena helped the group understand what that customer really wanted and also assisted in the achievement an alignment between my managers and those of the customer concerning the appropriateness of the planned actions. This alignment was subsequently confirmed in the verification procedure, discussed in the previous section.

I am satisfied that the process of 'distillation of ideas', which lay at the heart of the plan of analysis described in this chapter, was successful in bringing about the achievement of the first objective for the meeting, which was to establish an appreciation in the minds of my managers of our company's position. I believe that all the discussion, planned and unplanned, that went into the creation of Table 8.3, the listing of twenty important Action Areas, directly contributed to this accomplishment.

The second phase of the group analysis and reflection was, I believe, also fruitful in that it gave vent to my managers' creative skills whilst at the same time ensuring their



commitment to the action plans that were to emerge as a result of the third and final phase of the analysis. Appendix 8.2 and its accompanying commentary together highlight the engagement of the management group in the process of analysis and reflection that underpinned the establishment of the action plans for each customer whilst the consolidated Force Field Analysis worksheets (see Appendix 8.3) are evidence of the quality of the analysis that the group was able to achieve.

The tangible outcome of the work described in this chapter, was the four action plans presented in Table 8.4. Together they constitute a document that, from a practitioner perspective, contained all the data required to begin the roll out a major change management programme across a wide front. From a researcher perspective they are, I believe, confirmation that through careful planning and astute facilitation a 'workshop' format may be used to navigate a complex course of data analysis and finally to craft an enhancement of original data that, when filtered back into the research context, may assist in the achievement of the research aims.

Finally, I am satisfied that the verification step of the analytical process described in this chapter gave a useful insight in to how to proceed with each of the participating customers. The contents of Table 8.5 suggested that with Aphrodite's manager's there was likely to be some difficulty in implementing the action plan for that customer unless, during the implementation, my managers were able to bring about a change of view by our partners.

A similar potential problem existed with Demeter where, despite an improved working relationship in the period leading up to this moment of the research, a significant gap appeared to exist on two key planned actions between the perception of my managers and those of the customer.

With the remaining two customers, Athena and Hera, I was satisfied that a high degree of agreement existed between the respective management groups on the appropriateness and value of the planned actions and I looked forward to trouble free implementation programmes with each.

I hoped that the work reported on in this chapter had laid a firm foundation for the implementation of action plans at the four participating customers, and it is to this process that the narrative will now turn. However, before doing so, I might record that it was at this point of the research that I believe that I came to an understanding of Torbert's (ibid. 1992) four 'territories' of human experience and how they underpin an Action Inquiry strategy. For without knowledge of each of them, as they impinge on



myself and the research context, I am certain that progress to this point would have been impossible.



## **Chapter 9 - REFLECTIONS ON AN IMPLEMENTATION STRATEGY FOR THE ACTION PLANS**

### **9.1 INTRODUCTION**

The discussion presented below has two strands. Firstly, it traces my reflections on the choice of an implementation strategy for the action plans, the establishment of which was reported on in the previous chapter. The plans were long-term commitments on the part of my company to the participating customers and had to be carefully nurtured and managed if they were to bring about positive change in my company's situation. The question of how to attempt this in practice resulted in the sequence of thought recorded below. Secondly, and to some extent as an integral part of this thought process, I seek in this chapter to anchor the implementation of the action plans in literature as a validation of the research as a whole.

I was drawn to the use of the 'innovation' literature as my starting point because of the intensity of feeling on this subject that the research has already uncovered among participants. It will be recalled that Table 7.3 reported the outcome of the benchmarking interviews when as many as 31, out of a total of 228, 'sentiments' related to the Rate of Innovation construct and 14 to the closely associated Breadth of Product Range construct. In addition, the Response Intensity calculation made in Chapter 7 suggested that respondents felt very strongly about the general idea of innovation as represented by these two constructs. This strength of feeling is apparently confirmed by the contents of Table 8.1, which shows that the largest number of 'important actions' proposed by the participating customers' managers during the interviews also related to innovation.

However, further reference to Table 7.3 shows that the Customer Service construct elicited as many as 20 'sentiments' and was the next highest 'scoring' idea after the innovation constructs. Compared to the concept of innovation this particular construct, and a number of the other contentious constructs for example Support for Marketing, Efficiency of Order Processing and Complaint Handling, have highly operational characteristics. Their practical nature is reflected in the action plans but an engagement with literature on each construct could, I believe, result in a lack of focus. Consequently I have tried to concentrate in this chapter on elements of literature that deal with translating theory into practice at the operating level in recognition of the practical nature of the action plans and in an attempt to ensure that, whilst not all constructs may be discussed, I establish a strong enough platform to justify the eventual choice of implementation strategy.



Essentially, I believe that the root of the problem being addressed by this research lies in strategic issues facing my company. Thus, in this chapter, I make use of theories of corporate strategy as a means of setting the context for the discussion of innovation, the other operational constructs that have found a place at the forefront of this work and of the selection process of an implementation strategy for the action plans. However, before introducing the strategic perspective, it would perhaps be useful firstly to return to my chosen starting point and examine what is meant by the term 'innovation', both generally and by the respondents.

## **9.2 THE MEANING OF INNOVATION**

The action plans, which were developed through the process described in Chapter 8, for Athena, Demeter and Hera required that my managers explore what respondents from those companies actually meant by 'innovation'. Indeed, I felt that for the action plans to fulfil their purpose, I had first to achieve a degree of congruence between the way my managers and I used the term 'innovation' and the way it has been used by the respondents in the benchmarking interviews.

### **9.2.1 THE GENERAL MEANING OF THE TERM 'INNOVATION'**

Johannessen et al (2001) recognise that whilst *'nearly every definition of innovation focuses on the concept of newness'* (p. 21), the management literature on innovation *'has not yielded a widely-held consensus regarding how to define innovation'* (p. 20). Thus, whilst I perhaps ought to demure from making use of a sixth form debating society ploy in a doctoral dissertation, I went back to the drawing board in order to review definitions of innovation. However, rather than search the management literature, I looked at some of the OED definitions of the term and found the following:

A change made in the nature or fashion of anything; something newly introduced; a novel practice, method, etc.

Leaving aside for the moment the component of 'novelty' in the phrase, the striking thing about the definition is that it speaks of 'practice' and 'method'. The implication clearly being that 'innovation' is indeed comprised of 'newness' but that the arrival of newness is consolidated over time in the fulfillment of 'practice' and 'method'. It is perhaps not stretching a semantic point too far to view 'practice' and 'method' in terms of 'process' and 'routine'.

Another definition is taken from botany and reads:

The formation of a new shoot at the apex of a stem or branch; esp. that which takes place at the apex of the thallus or leaf-bearing stem of mosses, the older parts dying off behind; also (with *pl.*) a new shoot thus formed.



This definition sustains the idea of innovation as an organic process occurring over time and, in addition, seems to conjure up the image of the gradual replacement of the old by the new.

Returning then to the OED, one further definition caught my eye. It draws on commercial usage of the term innovation and reads:

The action of introducing a new product into the market; a product newly brought on to the market.

This definition seems markedly different from the two previously discussed in that there is no time component and, perhaps confusingly, a link seems to be implied between the action of bringing the product to market and the product itself. However, the definition does bear out the intuitive association of the term 'innovation' with physical products and confirms the concept of novelty as being integral to the meaning of innovation. Indeed, as Slappendel (1996) points out, it is the presence of novelty per se that differentiates 'innovation' from 'change'.

Continuing my reading of the OED, I found myself ruminating on the following passage included in the dictionary's commercial definition of innovation:

1939 J. A. SCHUMPETER *Business Cycles* I. iii. 84. Innovation is possible without anything we should identify as invention, and invention does not necessarily induce innovation.

The quotation seems to separate the idea of innovation through objects, as represented by inventions, from the concept of innovation in non-objects, such as 'practice / process' and 'method / routine', discussed above. This insight raises the possibility that, if the interventions of this second cycle are to be successful, the action plans ought to implement 'innovation' through two separate perspectives, firstly from the point of view of objects, such as my company's products, and secondly from the point of view of non-objects, such as our processes and routines.

These first thoughts on the meaning of innovation would seem to provide an important insight for any action inquiry based research and not only for this programme. Their implication would seem to be that the researcher should seek to establish 'practice/process' and 'method/routine' in pursuit of the gradual replacement of the old with the new and concentrate on originality in the pursuit of answers to his research questions – something to be borne in mind as I undertook the interventions of this second cycle of my research.

### **9.2.2 THE MEANING OF THE TERM 'INNOVATION' FOR THE RESPONDENTS**

In contrast to the broad definition of innovation apparently encouraged by Schumpeter, it will be recalled that the tone of my customers' comments during the interview process



seemed to concentrate on their perceived need for product innovation. The opinion of the managing director of Athena was typical of this uncomplicated view; he said quite simply that *'...your company should innovate by presenting new packages.'*

Further, the managing director of Hera seemed, not unreasonably, to broaden the supplier's responsibility for the enhancement of the product offering when he said: *'If a product is launched with problems I will be dissatisfied no matter what you do to overcome the problem. It is very difficult to change my customer's perception on a new product.'*

Despite the clarity of these calls for faster, better, more reliable product innovation, I was certain that I could not base my interventions addressing the innovation construct solely on the new product development (NPD), or 'object based', branch of the innovation literature. This is not only because of the wider interpretation of the idea of innovation that the previous section has implied is appropriate, but also because of the position of the operating unit for which I am responsible in the wider corporate structure. The role of my local organisation is to bring products to market. Whilst a certain degree of product modification is carried out at customers' sites, and still other minor alterations to specifications are discussed on a regular basis with our manufacturing units outside Greece, it is not the role of the organisation for which I am responsible to bring about significant NPD.

Notwithstanding my organisation's detachment from the corporate NPD process, it was clear from the tone of the respondents' comments that I had nevertheless to find a way to involve my operating unit in the 'object based' type of innovation that they expected. Given then the organisational constraints placed upon my unit, it seemed that I should seek accounts of innovation theory and practice that could assist me in linking my operating unit and the participating customers to the existing 'object based' corporate NPD process outside Greece as a means of addressing their clearly articulated needs for new products.

At the same time I needed to seek contributions dealing with 'non-object' based innovation that would legitimise innovation in my local processes and routines with a view to integrating the 'non-object' based innovation needs with the respondents' 'object based' innovation mandate.



### 9.3 VALIDATING AN APPROACH TO 'OBJECT' BASED INNOVATION

A useful and relevant starting point in the search for a solution to the problem of how to involve my local organisation in the NPD process is provided by Leonard and Rayport (1997) who maintain that listening to the voice of the customer is an essential condition for any successful NPD process. However, somewhat controversially, they suggest that:

The problem is, customers' ability to guide the development of new products and services is limited by their experience and their ability to imagine and describe possible innovations. (p. 103)

Perhaps I should send a copy of their paper to the country manager of Athena! However, as a remedy to this possible deficiency, the authors go on to propose that the supplier take the product design process to the customers' site. Together, through a sequence of qualitative data collection and analysis, the supplier and the customer should aim to define the requirements of the innovation process.

Even more radically, Lester et al. (1998) take the view that at the outset of the new product design process nothing need be fixed but that it is the supplier's role to 'interpret' the needs of the customer by strengthening the links between the supplier's organisation and end user.

Support for such 'Customer Intimacy' is to be found in a popular book of that title in which Wiersema (1998) describes instances of industrial companies successfully satisfying their customers' thirst for product innovation by the expedient of both sets of managers working closely together on NPD projects as a route to sustainable competitive advantage for both parties. Indeed, Peppers and Rogers in a series of popular books advocating '*one to one*' supplier to customer relationships suggest that such personalised contact throughout the value chain is a prerequisite of success. In their latest offering (Peppers and Rogers 2001) it is suggested that in the industrial goods arena the secured share of a customer's business is a more important indicator of success than market share and that customer share is maximised by involving the clients manager's in all aspects of the relationship, right from the product development stage.

The question of how to achieve practical customer involvement in the supplier's NPD processes is addressed by Coates and Robinson (1995) who carried out a programme of action research aimed at using the sales force of a UK blue chip company to prompt ideas for new products to be developed directly from customers. They conclude that Von Hippel's (1978) customer action paradigm is a strong force in the development of commercially successful industrial products and appear to legitimise the use of the sales force not only in NPD issues but also in wider relational issues with industrial clients.



The idea of using the sales force as source of information and customer wishes on NPD is taken further by Gordon et al (1997) who report on a study in which they examined the efficiency of such a model in practice. They found that the sales force frequently obtained much interesting information from the customers but that it was often lost between the salesman and the NPD department for want of efficient channels of communication.

Recognising this potential for information to slip between the floorboards a number of writers have undertaken the development of tools for mapping the progress of NPD (Wheelwright and Sasser 1989) (de Weerd-Nederhof 2001) or the financial returns on NPD (House and Price 1991). In fact the techniques currently used to chart NPD progress at the corporate level in my company closely resemble the PACE (product and cycle time excellence) model devised by McGrath (1993), and subsequently validated by Gehani (1994). However, whilst the tool has become a respected model for NPD management it does not assure customer involvement in the process.

The evident support for involving the customer in the NPD process that is to be found in both the academic and popular literature, together with the fact that the prime role of my local organisation is as the sales force for my company, would seem to raise some interesting possibilities. It might not only be useful but also legitimate for my local organisation to firstly begin listening to the voice of the customer on NPD matters and then, secondly, to transmit these wishes to parts of the corporate structure that have more traditionally been involved in NPD. A first step in this direction might be the application of an action plan implementation strategy that is able to secure the advantages of sales force proximity to the customer and integrate them into the corporate NPD process. Subsequently, if improvements in practice and process that are pleasing to the customers emerge, they would need to be formalised into a method and routine for passing information between the local organisation and those directly involved in corporate NPD.

Whilst success in this stratagem might reconcile my customers need for 'object based' innovation with my emerging view of innovation as a broader, 'non-object' based process, the question remains as to how to work with the action plans in order to institutionalise a broader innovative approach to 'practice/process' and 'method/routine' in my organisation?

#### **9.4 VALIDATING AN APPROACH TO 'NON-OBJECT' BASED INNOVATION**

Having come to a broader understanding of innovation in general and having concluded that the action plan implementation strategy must corral the customers energies, I found



myself in agreement with Shepherd and Ahmed (2000) who propose that by seeking to involve customers in the NPD process, the very process itself becomes a strategic mechanism within the company rather than an end in itself. This would seem then to be an appropriate moment to make reference in the discussion to theories of corporate strategy, as promised in the introduction to this chapter, as a first step to answering the question left open at the end of the previous section - that is how to bring about positive change in the 'non-object' based processes of my company so as to best implement the action plans in practice?

Today, it is commonly acknowledged that there are two main strands of thought extant in the field of corporate strategy. The competing approaches may be labelled as the school of 'strategy as fit (and rationalism)' and, paraphrasing Hamel and Prahalad (1993), that of 'strategy as stretch (and radicalism)'. This short hand will I believe suffice for the purposes of this chapter. The essence of the debate between the two main ideas of strategy is clearly set out by Mintzberg (ibid.1994a) and Whittington (2000). Both writers point out that one of the main differences between the two schools is to be found in the views they take on the role of innovation in the strategic process. For this reason, before undertaking an exploration of their respective suitability for my practice, I summarise the positions of the two schools below.

#### **9.4.1 STRATEGY AS FIT AND RATIONALISM**

This first view of strategy may be seen as coming from the line of Chandler, Ansoff and Porter whose work is characterised by describing the link between strategy and the external environment of the firm. In essence this view of strategy encourages managers to analyse the position of their company with reference to the industry structure and to choose between cost leadership and differentiation as strategies for achieving sustainable competitive advantage. Within this paradigm, innovation is seen as one of the means by which the firm goes about accruing such advantage.

A common criticism of this approach is that it focuses attention outside the firm rather than inside. Whilst the firm is encouraged to be successful at a range of activities, including innovation, this success is seen in terms of the firm's ability to differentiate the innovative activity from competitors in the perceived environment. The approach does not address the matter of whether the firm has the appropriate organisation and capability to deliver innovation nor if it has mapped out its competitive environment appropriately. Certainly no account is taken of the arrival of radical innovations such as that which my company launched on the market in the 1960's.



### **9.4.2 STRATEGY AS STRETCH AND RADICALISM**

As with the 'strategy as fit' view, this alternative approach to the strategy of the firm has, as mentioned in the first appendix to this thesis, a history stretching back to the 1960's as well as some high profile contemporary champions. The beginnings of this approach can be traced back to the work on organisational competencies by Selznick and Andrews as well as to the resource based theory of the firm explored by Penrose. Currently, as Porter is to 'strategy as fit' so Hamel and Prahalad are to 'strategy as stretch'.

These latter have coined two terms: '*strategic intent*' (Hamel and Prahalad 1989) and '*core competence*' (Prahalad and Hamel 1990) which have entered the lexicon of contemporary management. The first represents the authors' view that commercial success is brought about by building on a high level of ambition, whilst the second term denotes a unique way of using resources and abilities in the firm. The role of innovation in this view of strategy is to bridge the gap between '*core competence*' and '*strategic intent*' so as to bring about sustained competitive advantage. Thus innovation becomes more than a contributory factor to the achievement of competitive advantage – it becomes integrally intertwined with the strategic process so as to become almost inseparable.

The authors' position is that innovative activity is applied not only to the outputs of the firm but also to its inputs, to the way it uses its resources. The more innovative in every respect that the firm is, the more likely it is to succeed in its '*strategic intent*'. To realize this expanded approach to innovation Hamel and Prahalad refer to the need for the firm to '*think differently about the organisation*' (ibid.1994, p. 287)

### **9.4.3 ONE MAN'S FIT IS ANOTHER MAN'S STRETCH**

Crucially, neither Porter nor Hamel and Prahalad, the current high profile champions of the respective schools, appear to go as far as addressing the practical question of how to implement their particular strategic paradigms. Perhaps this is not unreasonable for as Tidd et al (2001) point out in the context of 'innovation management':

Successful management practice is never fully reproducible. (p. 74)

Despite the absence of an instant recipe for successful espousal of either paradigm, I feel that I must form a view as to which overall strategic approach is most likely to yield a winning line of attack on the resolution of the open issue of on what foundation I should underpin the implementation of 'non-object' based innovation in my organisation. Whilst trying to précis the two theories of strategy outlined above, I came across references (e.g. Grant 1997; Hill 1997) to the work of Schumpeter, whom I had always pigeon holed as an economist. Consequently, I was prompted to reach for some economics texts to



see if an answer to this fundamental question could be evolved from first principles. It rapidly became clear that a detour in to classical economics would be useful in my quest.

#### **9.4.4 A VIEW OF INNOVATION FROM THE PERSPECTIVE OF ECONOMICS**

The development of an economic theory of the firm, grounded in the concept of innovation and the role of the individual in bringing about innovative change, reaches back to the work of the French sociologist Gabriel Tarde (1843-1904) who was the first theoretician to consider the concepts of innovation and imitation. Tarde postulated firstly that these two phenomena are brought about by individuals and secondly that they occur in waves. The importance of Tarde's conjecture on the impact of individuals on innovation and imitation is reflected in the longevity of his contribution, which has matured in the stream of literature established by Schumpeter and which is explored below. His second insight, on the wave pattern of innovation, is echoed in the fascinating work initiated by Kondratiev, which will not be examined here.

##### Schumpeter, the individual and 'creative destruction'

Whilst Tarde was interested in innovation at the level of society, Schumpeter narrowed down his field of interest to the level of the firm. A characteristic of his work is that he defines innovation in terms of 'newness' brought about at the various stages of the production process for goods such as a company might undertake. For Schumpeter, the launch of a new product on an existing market or the opening up of a new market for an established product are both acts of innovation. A glimpse of this idea was presented in Section 10.2.1 above, which discussed some dictionary definitions of innovation.

In his early work, and crucially for the train of thought developed below, Schumpeter (1934) identifies *'the entrepreneur'* (an idea commonly accepted to have been used for the first time by Say in 1803) as the main agent of economic change in society and as the one who must implement 'newness' in all its forms. The 'entrepreneur' intervenes dynamically in the established industry structure and brings the forces of competition to bear. The behaviour of the individual is so central to the innovation process for Schumpeter that he sees the entrepreneur shaping the business environment through a process he calls *'creative destruction'* and which I choose below to interpret as a process of vigorous, action oriented intervention.

However, as times changed and 'entrepreneurism' in the classical Schumpeterian tradition palpably no longer drove innovation forward alone, the attention of social scientists from a number of disciplines, and indeed of Schumpeter himself (1942), turned to the search for other explanatory factors in the equation. Eventually, attention focused



on technology as a driver of innovation and what might be termed 'technological determinism' was at the centre of the broad based discussion of innovation. Again more recently, as technology has begun to loose its power to explain the driving force of innovation, so attention is turning to a wide range of factors as a means of understanding the force of innovation. For example, Teece et al (1997) examine innovation capabilities of the firm in a strategic context and Argyris (especially: 1999) explores the perspective of 'learning organisations'.

Whilst a Schumpeterian view of the entrepreneur may not be in the mainstream of contemporary economic theories of the firm, his legacy may nevertheless be traced in the contemporary work of the Austrian school of economists (e.g. Kirzner 1973, 1979) whose members, whilst disagreeing with Schumpeter on the entrepreneur's role in '*creative destruction*', acknowledge the part of the individual in the process.

One consequence of this evolution in various economic theories of the firm, and the part played therein by the individual in the process of innovation, is that the boundary between the 'entrepreneur' of economics and the 'manager' of modern organisational literature has increasingly become a subject of debate.

#### **9.4.5 THE ENTREPREURIAL MANAGER – A CONTRADICTION IN TERMS?**

The study of the managerial side of the boundary between entrepreneur and manager may been seen to have started with Drucker's (1963) question "What is the first duty – and the continuing responsibility of the business manager?" His reply: "*To strive for the best economic results from the resources currently employed or available*" (p. 58 - italics in the original), is interesting.

On the other side of the boundary, Casson (1982) brings together important contributions on 'the entrepreneur' made during the twentieth century by economists sharing a Schumpeterian heritage, but not of Schumpeterian persuasion, such as Knight, von Mises and Kirzner. He synthesises a definition of 'the entrepreneur' as '*someone who specialises in taking judgmental decisions about the coordination of scarce resources*' (p. 23 - italics in the original).

The similarity between the Casson and Drucker definitions of the respective roles of entrepreneur and manager centres on their function as allocators of the resources at

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\* The Austrians see the entrepreneur as bringing about order in the chaos of the market place rather than as the actual wrecker the havoc itself. In a way, he functions as a co-ordinator, spotting under utilised opportunities in the market and directing resources in pursuit of them.



their disposal as they go about attempting to fit these resources most productively to the firm's environment.

Although in a subsequent publication Drucker (1998) underlines his belief in the role of the individual in the process of innovation and speaks of the successful entrepreneur's '*commitment to the systematic practice of innovation*' (p. 149 – my underlining), I am left with the impression that Drucker's entrepreneurial manager lacks the spontaneity and radicalism of his Schumpeterian counterpart who is busy engaging in '*creative destruction*'.

In this light, both the '*coordination*' of Casson and the '*striving*' of Drucker may be seen as the actions of the managerial economist whose role it is to compare marginal costs to marginal benefits. This is not true entrepreneurial work in the radical Schumpeterian sense, for as Reekie (1989) notes:

Compared to the entrepreneur the managerial economist is no more than a pompous inventory clerk. (p. 157)

In this scheme of things the entrepreneur is ultimately forced into the role of the manager and, as we know today, ultimately managers fall victim to the sclerotic marginalism of agency theory (e.g. Williamson 1964).

If it is not wrong, based on this exegesis, to count Drucker as a member of the '*strategy as fit*' school and the Austrians as the inheritors, yet squanderers, of the Schumpeterian heritage, then it would seem to be justifiable to reject the '*strategy as fit*' paradigm as a suitable foundation for the implementation strategy for the action plans on the grounds that its proponents seem to adopt a passive approach to innovation that I instinctively find unappealing. It will be recalled that the action plans must be implemented across a broad range of constructs with different essential qualities. Their implementation will require a commitment and energy that I find lacking in the '*strategy as fit*' paradigm. Perhaps such vitality is to be found in the work of the '*strategy as stretch*' writers?

#### **9.4.6 THE ENTREPREURIAL MANAGER AS REVOLUTIONARY?**

It is perhaps not quite fair to say that Hamel has not attempted to clarify how one ought to think '*differently about the organisation*'. However, he does not appear to have addressed the issue in the academic literature. At the time of writing perhaps the most widely recognised example of consultant style prose on the implementation of corporate strategy, is provided by Hamel himself (2000). The cover notes to the book promise that it is

An action plan – indeed, an incendiary devise – for any company or individual intent on becoming and staying an industry revolutionary...



My personal ambitions at this stage of my career are a little more restrained, but the promise of an action plan for bringing about innovation which might be of use to this research proved to strong to resist.

It turns out that the central thesis of the book is the perhaps not novel idea that opportunities for innovation are to be found in discontinuities. The author provides various suggestions on how to seek out discontinuities and indeed encourages individuals to do so as a means of bringing about radical innovation that will ensure that they and their firms prosper in today's uncertain times:

You can become the author of your own destiny. You can look the future in the eye and say:

*I am no longer a captive to history.  
Whatever I can imagine, I can accomplish.*

*I am no longer a vassal in a faceless bureaucracy.*

*I am an activist, not a drone*

*I am no longer a foot soldier  
in the march of progress*

*I am a Revolutionary.*

(p. 29 - *italics*, font and colour in the original)

Heady stuff indeed! Yet amidst the razzmatazz, Hamel goes on to make some serious points about the nature of innovation, such as the observation that:

More and more, innovation comes not from the triumph of big science (important as it is in removing *physical* constraints to innovation), but from the triumph of contrarianism (which leaps over the *mental* constraints). (p. 118)

Hamel quotes Alan Kay (who worked on the development of the personal computer at Xerox's Palo Alto Research Centre) on the nature of the stretch and leverage that this type of contrarian strategic innovative thinking requires: '*Perspective is worth 80 IQ points*', Kay is reported as saying on page 121.

I imagine that the kind of thing that both Hamel and Kay have in mind is represented by the story of Simon Woodroffe, the '*Emerging Entrepreneur of the Year 1999*'. Woodroffe (2000) offers his recipe for innovative success in his description of his start up, in London, of a restaurant concept based on Japanese sushi delivered to the diner by conveyor belt! The book is lively, not without its serious passages and includes another aphorism by Kay, who this time is quoted as suggesting that:

The best way to invent the future is to predict it. (Kay cited Woodroffe p. 22)



It would seem that the academic Hamel, the high tech R&D engineer Kay and the restaurateur Woodroffe all agree that the question of how to bring about innovation that bridges the gap between '*core competence*' and '*strategic intent*' is linked to an ability to bring to bear high energy, an unusual perspective on life and the sheer determination to bring about innovative change. Crucially, all three experts seem to imply a central role for the individual in bringing about innovation or at least in maintaining the momentum behind a corporate wave of innovation.

Upon reflection, the contributions dealt with above begin to sound uncannily like Schumpeter's descriptions of the process of 'creative destruction' and the central role played in it by the individual. This juxtaposition encourages me to believe that there is a link to be made between Schumpeter's theory of the firm and the practice of '*strategy as stretch*' as advocated by Hamel, Kay and Woodroffe. Such an association between Schumpeter's classical economics and the 'hip' strategists of today contrasts sharply with the surrender of the Austrian economists and the proponents of '*strategy as fit*' when confronted with the heat faced by the contemporary practitioner.

For me Schumpeter's work, in its historical context, serves as reinforcement for the idea that, in appropriate circumstances, the individual can influence the fate of the firm. Hamel, Kay and Woodroffe provide contemporary corroboration of this belief.

As I continued my search for an answer as to how to implement the action plans in practice, I concluded that the chosen strategy must not only address 'object' based and 'non-object' based facets of innovation but it must also be firmly based on the radicalism inherent in the '*strategy as stretch*' paradigm which, as I demonstrate in the first Appendix to this thesis, so strikingly relates to the wider, historical corporate culture of my company.

## **10.5 HOW TO IMPLEMENT A RADICAL INNOVATION PLAN IN PRACTICE?**

At this point in my consideration of the literature I returned briefly to the work on business-to-business relationships carried out by the IMP Group, discussed in Chapter 2, hoping that it might provide ideas on how to proceed. I was disappointed when it became clear to me that whilst this body of literature is meticulous in its building of theory, it seems to have less to offer the practitioner. Thus I began to concentrate on other contributions that dealt with practical aspects of the individual in bringing about radical innovation in corporate organisations. Most obviously this discussion has been clustered around the literature of 'intrapreneurship'.



According to Cox and Jennings (ibid.1995) the term 'intrapreneur' was first used in the pages of The Economist newspaper as early as 1976 by Macrae (1976). The long stream of literature provoked by its coinage is predicated on the idea that, as Coulson-Thomas (1999) has it:

There is scope for reconciling individual and corporate interests. Companies want to encourage, develop, release and retain entrepreneurial talent, while many aspiring and intending entrepreneurs could benefit from the support which corporations can provide. (p. 258)

The popular usage of the word appears to have gained ground after the idea of 'intrapreneurship' was explored by Pinchot (1985) and later developed together with his wife (Pinchot, Gifford and Pinchot 1994). Pinchot's original notion was that if, in a corporate context, a form of internal market can be agreed then employees are able to bring about innovation through the reapplication of resources to more productive ends. However, perhaps ominously, in his second book Pinchot seems to have begun to transfer responsibility for innovative initiative back to the organisation. More recently still he seems to have changed the perspective of his writing on intrapreneurship completely from a discussion of the individual in the organisation to an exposition of views on the process of innovation. In his latest book (Pinchot, Gifford and Pellman 1999), he opines that:

The basics of effective innovation are:

1) providing a focusing vision that guides the intrapreneurial energy of the organisation: and

2) liberating the intrapreneurs to achieve that vision.

Focusing and releasing the intrapreneurial spirit of even part of a company can result in a flood of innovation. (p. 12)

Whilst a discussion of the process of innovation in a corporate context may of itself be helpful it would appear that, having made common currency of a catchy term, Pinchot has run out of steam and has been unable to sustain the idea of '*creative destruction*' in a corporate setting.

Attempts have also been made to pursue the idea of intrapreneurship from a functional perspective rather than from that of general management. Foxall and Minkes (1996) for example use the term entrepreneurship in their investigation of ways in which the phenomenon manifests itself in the practice of marketing, but make clear that their interest is set in the context of the '*modern corporation*'. With this broadening of the view of intrapreneurship, those that explore this perspective have been drawn, as with the broader entrepreneurial literature, to an examination of the specific leadership characteristics, key competencies and motivations of intrapreneurs with a view to predicting the intrapreneurial potential of the individual (e.g. Wunderer 2001). These efforts frequently seem to stray into the field of leadership and organisational design and so drift from the main point of interest in this discussion – the innovative process itself and the role of the individual within it.



A highly respected contribution to the discussion has been made by Moss Kanter (1997) who is not drawn by the jargon of the 'intrapreneur' but sticks to the term 'corporate entrepreneur'. As the attractive idea of corporate change being brought about by the individual, under whatever appellation, gained popularity during the 1980s and 1990s so attempts were made to define organisational conditions under which it might thrive. Indeed, Moss Kanter devotes a full fifty-three pages of her book to writing about '*Places where innovation flourishes – and why*'. She prescribes a '*culture of pride*' and a '*climate of success*' as well as '*empowerment*' and '*employee involvement in innovation and change*' as prerequisites for innovative companies. Interestingly, she seems to suggest that the successful creation of 'object-based' innovations by a firm is conditional upon its undertaking 'non-object' based innovations when she says that:

Changes in an organisation's human systems are its *innovation-enabling innovations*. (p. 316 – italics in the original)

However, despite these significant efforts on the part of contemporary management writers, it is not certain that a successful reconciliation has been made between the role of the individual in the innovative process and the corporate setting. Examples of this failure do not seem to be uncommon in the literature. After describing a major organisational change at Royal PTT Nederland NV (KPN), Jansen (1994) considers the practice of that change in the context of the intrapreneurship literature of the time, and concludes that:

The question of how innovation leads to management, or how an entrepreneur becomes a manager, continues to be the subject of speculation rather than clear theories or well-founded explorations. (p. 50)

After more than sixteen years of examination of the subject in academic and popular literature, Johnson (2001) tries to bring together some '*lessons for larger organisations*' on the subject and asks '*what is innovation and entrepreneurship?*' Unfortunately, he finds it necessary to attempt a redefinition of the meaning of basic vocabulary and seeks

To explore the topics of entrepreneurship and innovation, particularly from the perspective of the larger organisation, with a view to bringing some clarity to usage of the terms. (p. 135)

The bringing together of the entrepreneurial and managerial role of the individual in the corporate setting cannot, it seems, be said to be satisfactorily achieved through the idea of 'intrapreneurship' - primarily I would suggest because of the inability of contributors to address the issue at the all important level of the operating practitioner. Much of the work in this stream of literature seems rather to focus on the creation of conditions conducive for the 'corporate entrepreneur' to prosper without addressing what it is that he or she should actually do.



## 9.6 THE KEY ACCOUNT MANAGEMENT LITERATURE

Another body of writing that I have found to be more in tune with the needs of the practitioner and which also deals with the role of the individual in an innovative corporate management process is what might be called the key account management or KAM literature. I find it important for this work because, as I hope will be demonstrated, its contributors describe a tool which can encompass all of the theoretical prerequisites that I have set out earlier in this chapter as being in my judgment necessary for successful implementation of the action plans that are relevant to this research.

There are two things that become clear when addressing the KAM literature. Firstly, several writers mention the paucity of contributions dedicated to this specific topic right up until the very late 1990's and early 2000's. Kempeners and van der Hart (1999), in seeking a theoretical foundation upon which they themselves could build, draw attention to this state of affairs; further, the lacuna has until recently been aggravated for the practitioner-researcher, for as Millman and Wilson (1996) observe:

There is no established body of literature covering the training and development of key account managers. (p. 8)

The second point of interest is that the idea of KAM is itself by no means new. Pardo (1999) provides a detailed chronology of the development of the concept starting from its emergence in the literature of what she terms *'inter-organisational trade'* starting in the mid-1970's. She goes on to record the surfacing of the notion of *'target customers'* in the early 1980's but notes the number of different expressions used, depending on author and context, for managing such customers. For example, she cites the interchangeable usage of *'major account'*, *'national account'* and *'key account'* throughout the 1980s before, in her view, the term *'Key Account Management'* finally became accepted in the late 1990's.

I conclude that despite its long history, the application of KAM to organisational issues is still a relatively fresh area in which there is room for the practitioner to experiment. This is encouraging for I believe that it allows me the freedom to interpret the KAM model and to apply it to the implementation of the action plans.

Pardo goes on to give a highly practical definition of terms associated with the KAM concept that appealed to me as I began to consider its application in my organisation. She recognises that one of the most important aspects of the key account manager's role is that of *'animator'* of internal resources and, I feel generally comfortable with what she calls the *'theoretical positioning'* of key account management as a process and with the elements that she ascribes to it. These are of a highly useful nature and include her views on key account portfolios, key account vision, key account teams, information flow and customer expectations.



The view of KAM as a process is further reinforced by Spencer (1999) who, based on a study of fourteen respondents in a Swedish data processing and computer company, concludes that KAM is a management process which itself integrates other management processes that are linked to a variety of network situations. He goes on to list what in my judgment are ten sound 'management guidelines' concerning KAM. The first of these states that *'strategy regarding KAM should be firmly seated in corporate strategy'* (p. 308), a view that would seem to validate the approach that I have taken in the earlier sections of this chapter.

If Spencer offers an overview of the vital signs of the KAM process, then Donovan and Samler's (1994) early thoughts on building a 'customer driven' organisation, together with the paper by Kempeners and van der Hart referred to above, provide working checklists for starting the KAM process. I subsequently found that both were to assist me greatly in its implementation in my organisation.

Insight into the practical aspects of living with KAM once it is introduced are provided by McGinnis and McCarty (1998) who draw on their experience with a respected American firm of management consultants to point out how a well managed KAM system can deliver *'superior service'* and *'account expansion'*, exactly the type of effects I am seeking to achieve through this work.

Whilst such results can be seen to be what Ojasalo (2001) calls 'company-level benefits', he goes further when he observes that:

Successful long-term KAM in a business-to-business context always requires the ability to offer both company- and *individual-level benefits* to key accounts.  
(p. 205 – my italics)

The writer himself sees this insight into the value of individual-level benefits as linking back to the contributions of Grönroos, discussed in this work in Chapter 2, on relationship marketing, added value and customer loyalty. It will also be recalled that in the same chapter I cited the work of Foster and Cadogan (ibid. 2000) who concluded that the relationship that industrial customers enjoy with their sales person is an important influence on the loyalty engendered to the supplying company. Indeed, I wonder if the answer to the rhetorical question I posed as the subheading to Section 2.3 in Chapter 2\* may be *"No, but if you are seeking to apply the 'Service-Profit Chain' in a business-to-business context you need to deliver multi-functional, multi-level benefits, and KAM may assist you in doing so successfully."*

To substantiate such a proposal it would seem necessary to take a view on how to make KAM processes more customer-focused. I therefore take note of Millman and Wilson's

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\* 'So all this applies only to service industries, right?'



(1995) tentative support for four main requirements for a key account manager's role, which are to a great extent echoed by Pardo. These are (p. 17):

- 1) responsibility for sales/profit growth of one or more key accounts
- 2) co-ordination and tailoring the seller's total offering to key accounts
- 3) facilitating multi-level, multi-functional exchange processes
- 4) promoting the KAM concept in his/her own company.

I will attempt to ensure that all of these are clearly within the remit of the individuals who will be selected as key account managers.

Millman and Wilson (1999) go on to draw on a number of sources, as well as their own research and consultancy experience, to conclude that there are four conditions that underpin such a customer-focused KAM process. These are:

- 1) Commitment from senior management
- 2) Replacement of the traditional view of the buyer/seller relationship with a strong focus on customer problem resolution
- 3) The process must facilitate 'real' involvement with the customer if customer focus is to be meaningful
- 4) The process of customer management to involve 'total' supply chain management.

Within the context of this research I am confident that I can satisfy the first three conditions without any difficulty. The fourth I can satisfy in terms of the 'total' supply chain for current products, with the reservation that my operating unit does not have direct influence over the NPD process. However, I would hope that the 'non-object' based innovation strategy that has been formulated and discussed earlier in this chapter will go some way towards surmounting this shortcoming once it is properly integrated in to the proposed KAM process.

No doubt my own and the organisation's ability to maintain all four conditions will, as pointed out by Millman and Wilson (ibid. 1996) in an earlier paper, also depend on the development of appropriate managerial competence. However, as I have noted above, an underlying precept in the vigorous model of KAM I espouse is the bridging of the gap between '*core competence*' and '*strategic intent*' so as to bring about sustained competitive advantage through innovation. I would argue that since both KAM and competence development are management processes, one cannot afford to wait for one to reach some appropriate level before starting on the other. It became my intention therefore to press ahead with the KAM strategy whilst in parallel working on an equally important competence development programme, which will not be reported on in this thesis.



## 9.7 BRINGING IT ALL TOGETHER

In this chapter I have reported on my attempt to build from first principles a theoretical base for the application of a vigorous and radical model of KAM as a means of managing the action plans whose establishment was reported on in the previous chapter. I hope that, in concert, the action plans and an implementation strategy based on KAM will be instrumental in bringing about a positive change in the way the participating customers view my company.

In building the theoretical base I have looked at the meaning of innovation, both generally and as it is understood by the participating customers, and have come to the view that despite my organisation's lack of involvement in the corporate NPD process I must find a way addressing this subject locally. I have found that including the customers at a very early stage of the product development process and listening to their requirements may achieve this. The integration of such local input into the central NPD process fits well with the notion of an intimate KAM relationship with participating customers, for which I have found further support.

By way of an examination of two differing paradigms of corporate strategy through the perspective of classical economics and the contemporary consultancy literature I have decided that the '*strategy as stretch*' approach is the more likely of the two to provide support for my emerging position on the importance of the individual in bringing about corporate innovation.

Of the two streams of literature which most obviously deal with the role of the individual in the process of corporate innovation, I have rejected the 'corporate entrepreneur' approach on the grounds that it did not provide constructive guidance to the practitioner seeking to bring about such innovation whilst I have found the contributions that focused on the KAM process to be most stimulating and akin to my experience.

My solution to the question of selecting an implementation strategy for the action plans, set out at the beginning of this chapter may be summarised as follows. It appears that the individual manager, however competent he is, may not be seen as acting as a true entrepreneur as long as he acts within the paradigm of '*strategy as allocation and fit*'. It is by overcoming the boundaries of this view of the manager's role that the practitioner takes on the characteristics of a Schumpeterian entrepreneur. He can become a true wrecker of '*creative destruction*' only when freed from the obligation to manage at the margin and is allowed the discretion to stretch beyond it by leveraging the resources under his control. As a consequence of the ideas presented in this chapter, it became my intention to implement in my company a vigorous KAM strategy based on these principles and to report on its evolution in the next chapter.



## Chapter 10 - THE APPLICATION OF THE ACTION PLANS

### 10.1 INTRODUCTION

The reporting of the second cycle of my research has so far dealt with the development of the interventions (action plans) intended to address the difficult situation diagnosed during the original cycle of work and it has also followed the process of reflection by which I came to the KAM strategy chosen to facilitated their application. I am acutely aware of the need now to report on the practice of the implementation of both the KAM model and the action plans but am daunted by the sheer amount of information involved. Once the whole organisation became caught up in the action plans, they became an all-embracing way of life throughout the local company. It is surely impossible to chronicle all the events and their stories that occurred during the intervening year.

Usefully, in such a situation, Miles and Huberman (1994) make a case for the use of *vignettes* as a means of developing understanding in social research, for they recognize that:

It's easy for any qualitative study to provide more data than can be understood easily. (p. 81)

They go on to define a *vignette* as:

A focused description of a series of events taken to be representative, typical or emblematic in the case you are doing. It has a narrative story like structure that preserves chronological flow and that normally is limited to a brief time span, to one or a few key actors, to a bounded space or to all three. (p. 81)

I should point out that I am aware that the vignette technique is also used as a means of eliciting data in research that seeks an understanding of peoples' attitudes, perceptions and beliefs, particularly with regard to sensitive subjects such as health care (e.g. Hughes and Huby 2001). In these cases the *vignette* is presented as a stimulus, usually written or visual, to the participants in the research to fulfill one of three main purposes, which Hughes and Huby record as being:

To allow actions in context to be explored; to clarify people's judgments; and to provide a less personal and therefore less threatening way of exploring sensitive topics. (p. 1)

This is not the way I shall use the technique here and am confident that the *vignette* is equally valid as a tool of data analysis or presentation as when used as a means of generating information. I feel secure in presenting the data pertinent to this chapter by using the vignette formula in the way suggested by Miles and Huberman and by other writers (e.g. Erickson 1986) referred to in their text.



To ensure the rigour of the narratives that are presented in this chapter I have attempted to follow the practice of Merryfield (1990), also cited in Miles and Huberman, who has experimented with a 'constructed' form of *vignette*. This is a composite narrative that upon completion is verified with participants and 'audited' by a third party. The three texts below have each been written under different circumstances but, I believe, according to Merryfield's method.

Each of the texts is based on actual day-to-day management events but also on material garnered by a rigorous examination of my contemporaneous research notes and my research diary. '*New Hats for Old*' is based on my own first hand records and on a short management meeting that I called after the events represented in the narrative took place. '*The Engineers*' is based on a real late lunch to which I invited the two engineers who star in the text but also illustrates my own developing thoughts on training and competence development among the technical community. The text also brings out the issue of the customers' perception of the KAM system and how the managers in the KAM teams need to adapt their way of working. '*A Day in the Life of a KAM*' is based on a group discussion with all four key account managers that took place just before the second round interviews were carried out and which lasted a whole morning. The diary like style of the text conveys the wide reaching responsibilities of the Key Account Team managers and energy and dedication that they brought as individuals to the roles. The intention of each of these texts is to use various sources, both first hand and reflective, to convey to the reader some idea of the processes of change being described in the thesis.

Once I had finished writing the narratives, I asked the participants of each of the meetings upon which they were based to read them and make comments. As a result of this feed-back some changes were introduced to each of the texts. As the final step of 'auditing' them, I showed all three to a colleague in another European country who was also establishing a KAM system in her organisation. I asked her if they rang true with her expectations of the roles and processes described and was pleased to receive a positive response in each case.

In addition to the three narratives, I have included below the formal routine for following up on the implementation of the action plans that was drawn up by one of the KAM teams and later adopted by two of the remaining three teams. I feel that, taken together with the texts, it gives a flavour of the atmosphere and activities concerning the implementation of both the KAM process and the action plans themselves during that very busy year.



## 10.2 INTRODUCING THE KAM PROCESS

Having decided on the introduction of a KAM model in order to facilitate the introduction of the action plans, the next move was to make the necessary organisational changes. This was to be a big step and it was not at all certain that the transformation would be easy. Below I hope to give an idea of the process by which KAM was introduced.

### 10.2.1 *New hats for old*

I had called together the management group, which comprised George, the commercial manager, Philip the finance manager as well as Stefan our Scandinavian technical manager, in order to hear their spontaneous reactions to the KAM 'kick-off' ceremony which had been held for all staff. They were positive about our achievements to date and we considered the process that had brought us to this point.

After the establishment of the action plans and our decision to apply a KAM strategy for their facilitation, we had met several times in informal management meetings to discuss the details. I remembered the original objections: *'To who will the key account managers report?'* was George's main concern. Until now he had had sole responsibility for all customers, which he ran through a traditional sales force set up. Their relationship to Finance and Technical was across functional silo boundaries. *'How do you expect that an engineer in a key account team will be able to work with other non-key accounts? Head count will go up'* said Stefan. Philip was more responsive but was concerned about the extra work the system would bring to him and his department.

As time went by and the urgency of either getting on with it or not dawned on everyone, all the managers began to accept that if we were to do something about the situation with our customers then KAM was likely to be a good vehicle for bringing about the necessary changes. I would like to think that my campaigning also had something to do with the eventual 'buy in' of the group.

We began to discuss possible candidates for each of the posts. The idea was to have one key account manager for each of the participating customers. None of these posts would be shared by one person although the four key account managers would have to continue servicing the remaining customers on a non-key account basis with their remaining colleagues. In addition, we planned to have a dedicated engineer and a supply engineer for each key account team. As far as the administration was concerned, there were three sales administrators in the current silo and it was decided that two of them would take one customer each and the other one would take two whilst sharing out the remaining customers among themselves. For lack of resources Philip would act as the finance member of each team, at least in the start up phase.



Finally a list of names was drawn up and together with the managers we began the process of rolling out the KAM idea. Firstly we met with the functional departments then with the individuals who we hoped would agree to join the key account teams. Only one of the engineers refused the offer of joining and a replacement was soon found.

Once I was confident that I had a structure that would work, I held meetings with each of the managing directors of the participating companies and told them that we were going to manage their business through a KAM structure. I was not surprised that each of them was happy and prepared to give what one of them ominously termed 'the experiment' a chance. They had after all made clear their need of a closer relationship with my company throughout the benchmarking interviews.

By now everyone in the company was aware of the impending change and the level of anticipation was rising. All the putative team members had been sworn to secrecy and the launch date was set for a Thursday afternoon with the new organisation coming into effect on Monday. I called a general staff meeting for 4.00pm. I wanted this to be something special and so arranged for champagne and snacks to be on hand. I had also had the idea of making the teams readily identifiable so as to ensure clarity about who was now to be responsible for what and also, hopefully, to engender some excitement. To achieve this I had ordered four boxes of different coloured baseball caps, one colour per key account team.

As the staff meeting got underway, I once more explained the concept of key account management and how we would apply it in our organisation. I then called out the key account managers one by one and presented them with their baseball cap and asked them to stand in a row. Then I called the engineers, also one at a time, and as they took their caps they stood behind their key account manager. As the teams took shape so the cheers at each nomination grew louder. Finally, it was time for the champagne corks to pop – we were entering uncharted territory.

### **10.3 A NOVEL MANAGEMENT ROUTINE**

Soon after the kick off ceremony, the newly appointed key account manager of Athena decided to form four interactive teams that included managers from both the customer and our company in order to meet the customer's very clearly articulated needs for cooperation in certain areas.



*The four teams, their meeting frequency per year, and people involved were as follows:*

**1) Growth Team**

Meets 8 - 10 times a year and includes all the KAM team and two people from the customer's marketing department. The team works through formal monthly meetings, frequent informal contacts and a culture of information sharing.

**2) Financial Logistics Team**

Meets 2 times a year and focuses on financial issues. Driven by the finance member of the KAM team and the finance manager of the customer, the attendance of the KAM is obligatory. The team works through formal monthly meetings, frequent informal contacts and a culture of information sharing.

**3) Operational Logistics Team**

Has 10 - 15 meetings per year on day-to-day issues and is owned by the key account manager and his counterparts at the customer. Matters of current importance are raised and attendees are invited based on the agenda of the meeting being planned. The team works through formal monthly meetings, frequent informal contacts and a culture of information sharing.

**4) Production Optimisation Team**

No fixed number of meetings is planned, but day-to-day interaction is in the hands of the technical members of the KAM team and is monitored by the KAM himself. The team works through formal monthly meetings, frequent informal contacts and a culture of information sharing.

**5) General**

In addition to their regular bilateral contact, our MD and the Country Manager from the customer attend a meeting convened for a general overview of all issues twice a year.

*The teams' detailed structures and agendas as outlined by the key account manager are as follows:*



## GROWTH TEAM

### ***Growth Team Composition***

- Athena's marketing manager
- Athena's product development manager
- Our key account manager

### ***Growth Team Objectives***

Establish a strong platform for customer growth based on our company's products, know how and market knowledge.

### ***Growth Team Projects***

- Innovation process - identify new consumer trends in drinks and packaging preferences
  - Field trip to Spain
  - Segmentation of the Greek market

#### Expected Impact

Learn, together with the customer, how best to identify market trends and to optimise the value of new products with a view to achieving a more authoritative understanding and quantification of the potential in main market segments in Greece.

- New products and packages - two new consumer trends to be identified
  - In terms of new products and packages
    - Identify / evaluate three new products
    - Two packaging improvement solutions
  - Evaluate packaging improvement opportunities
  - Evaluation of "Smoothies" / drinks featuring milk benefits / juice / tea mixes
  - Testing of new machine platforms

#### Expected impact

The possibility of increased sales from brand extensions together with an enhancement of brand image through the introduction of novelty products. The planned impact of these actions is measured in terms of increased sales in 2003 through new packs with higher consumer acceptance to the value of +15%.

- Distribution / Promotion
  - Development of existing Vending Machine network



- Evaluation of possible Vending Machine joint venture for accelerated network implementation
- Secure promotional multi-pack solution
- Scouting technologies for promotion of new opening devices

Expected impact

Increased 2003 sales through better consumer contact equal to +1.0%.

Increased 2003 sales from powerful promotion and lower reliance on traditional channels equal to +1%.

**Growth Team Project Plan**

Project	Responsible	By When
<i>Innovation Processes</i>		
Field trip to Spain	Key account manager	October 2001
Segmentation of the Greek market	Key account manager	November 2001
<i>New products and packages</i>		
Evaluation of “smoothies” etc.	TK/PT	January 2002
Testing of new machine platforms	JMM/PT	September 2002
<i>Distribution / Promotion</i>		
Development of existing VM network	DM/AL	October 2002
Evaluation of possible VM JV	DM/AL	March 2002
Secure promotional multi-pack solution	Key account manager	March 2002
Scouting technologies for promotional new opening devices.	Key account manager	March 2002

**Growth Team Next Steps**

- Mutual agreement on 2002 objectives / targets /projects
- Agree on respective responsibilities
- Set meeting dates timetable
- Implementation
- Annual Progress review December 2002



## FINANCIAL LOGISTICS TEAM

### Financial Logistics Team Composition

- Our finance manager and key account team member
- Athena's finance manager

### Financial Logistics Team Objectives

- Improved Athena profitability through implementation of payment options offered by our company

### Financial Logistics Team Projects

- Direct Debit arrangement
  - Direct Debit Arrangement in place Q1 02
  - Search underway for a service-minded bank that will perform the DD service
  - Settlement discount additional to today's practices

#### Expected impact

Expected annual saving: approx. -0.3%

- Balance Sheet Management
  - Improved Balance Sheet Key Performance Indicators
    - Athena's financial management to evaluate their particular needs and determine those areas where other financial services would be of benefit

#### Expected impact

Expected savings: lower operating capital leading to improved profitability.  
Expected amount can only be quantified after more precise feedback regarding the scope of the work.

### Financial Logistics Team Project Plan

Project	Responsible	By When
Direct Debit Arrangement	PB/HA	April 2002
Identify and discuss with service-minded bank	PB/HA	April 2002
Balance Sheet Management	HA	Open-ended



### ***Financial Logistics Team Next Steps***

- Mutual agreement on 2002 objectives / targets / projects
- Agree on respective responsibilities
- Set meeting dates timetable
- Implementation
- Annual Progress review December 2002

## **OPERATIONAL LOGISTICS TEAM**

### ***Operational Logistics Team Composition***

- Our key account manager plus the team
- Athena's logistics manager
- Athena's distribution manager

### ***Operational Logistics Team Objectives***

- To ensure that all possible measures are taken at order placement, shipment and production to ensure maximum operational efficiency for the customer.

### ***Operational Logistics Team Projects***

- Decrease order lead-time by 10%
  - perhaps by negotiating large size orders for big selling "A" flavours
  - find a solution for export flavours
- Decrease current inventory days by 8 days
  - Identify / evaluate optimum order size per design
  - Identify / evaluate optimum stock days
  - Identify / evaluate optimum delivery mode
- Ensure a smooth order flow ex factory with a view to having zero out-of-stock situations on "A" flavours.
  - Ensure immediate corrective action to avoid any out-of-stock situation
  - Decrease cost. The aim being to make two proposals that will result in reduced cost
  - For slow sellers identify designs that could be co-produced, even if a small design change would be necessary
  - Evaluate possibility to switch factories for some designs
- Introduce a more accurate order forecasting process so that monthly deviations do not exceeding 10%



- Identify budget quantities from previous years' sales and find a valid basis for current year order quantities
- Rolling forecast / feedback from marketing / feedback from business unit

### **Operational Logistics Team Project Plan**

Project	Responsible	By When
<b>Decrease Stocking Days</b>		
Calculations	MD	March 2002
Follow-up on order flow	OR/MK	On-going
<b>Decrease Lead-times</b>		
Visits to Factories	MK	February-March 2002
<b>Identify correct Budget quantities</b>		
Check previous years budgets/sales	MD	March 2002
<b>Decrease packaging material costs</b>		
Identify slow movers	OR	
Check co-printing possibilities	MK	March-April 2002

### **Operational Logistics Team Next Steps**

- Mutual agreement on 2002 objectives / targets /projects
- Agree on respective responsibilities
- Set meeting dates timetable
- Implementation
- Annual Progress review December 2002



## PRODUCTION OPTIMISATION TEAM

### ***Production Optimisation Team Composition***

- All our key account team
- All Athena's factory managers

### ***Production Optimisation Team Objectives***

- Take steps to ensure optimised production conditions in all Athena factories

### ***Production Optimisation Team Projects***

- **Maintain low maintenance cost**
  - Introduce new sterilization liquid (acidified water)
  - Continual machine upgrades
  - Evaluate service routine results and push for further implementation

#### Expected impact

Eliminate operator perception for dangerous working environment as well as reduce sterilizing liquid procurement cost. Overall target saving of this activity is - 0.05%

#### **Increase operational efficiencies**

- Permanent and seasonal operations' training
- Continual machine upgrades

#### Expected impact

Improve efficiency and reduce waste with the intention of avoiding a production efficiency drop during high season

#### **Decrease waste**

- New filling control system for all machines
- Implement a plan for continuous operator training for self-confidence and attitude

#### Expected impact

Based on 8 hours production an expected waste reduction of 1,5% can be achieved



**Production Optimisation Team Project Plan**

Project	Responsible	By When
<b>Maintenance Cost</b>		
Machine upgrades	AK/PC/CCHBC	On-going
Acidified water	AK	January 2002
Presentation in management meeting	GZ	February 21 <sup>st</sup> 2002
Field test	GZ/CCHBC	One month after approval
<b>Operator training</b>		
Plan permanent and seasonal operator training	AK/PC/CCHBC	March 2002
<b>Decrease waste</b>		
New filling system for all machines	AK/PC/CCHBC	On-going

**Production Optimisation Team Next Steps**

- Mutual agreement on 2002 objectives / targets /projects
- Define Athena Team members
- Agree on respective responsibilities
- Set Maintenance plan for 2002
- Implementation
- Annual Progress review December 2002



## 10.4 PROGRESS ON THE TECHNICAL FRONT

After about six months of operation, the overall 'buy-in' from our staff into the KAM system seemed to be positive. However, the KAM team participants were beginning to talk about two differing reactions to our initiative that they were finding in customers' organisations. Some customers' managers apparently saw KAM as a single point of contact concept – everything went through the key account manager himself. Others saw it as a multi-level, multi-function concept and involved the technical, and other functional, members of the team directly whilst at the same time not bypassing the key account manager himself. I felt it necessary to get an understanding of how these differing customer expectations were impacting members of the KAM teams. I was also interested in finding out if the engineers saw any differences between their new roles and the ones they filled before; so I arranged to have lunch with two technical members of two different key account teams. It turned out to be a good afternoon and yielded some surprises.

### 10.4.1 The Engineers

Both George and Spiro were highly experienced engineers in our technical service department and had each been assigned the task of being the technical member of a key account team. These roles were referred to as 'KATs' (Key Account Technical) within our organisation, as much as anything because it is a pronounceable acronym but I suspect also because these guys liked the idea of being seen as supple, lithe, intelligent, cunning and as having speedy reflexes.

As we began our lunch, I asked them what they thought, a half a year after starting the job, was a key qualification for a KAT and how did the role differ from what had been expected of them before the KAM system was introduced? George took the initiative:

*'Must have a solid technical education, if not then the technicians from the customer will not respect you.'*

*'And years of field experience on our machines' – added Spiro.*

*'You see, if you don't have both, then the customers' engineers, they don't look up to you',* which was good coming from George who measures no more than one meter fifty five in his socks.



They both began to regale me, as is the wont of field engineers, with 'war stories' about horrific breakdowns that customers had not been able to fix alone, or about how they had had spare parts smuggled into the country in visiting engineers' briefcases in order to get machines working sooner. But through their stories I could see that the issue of credibility when talking to customers' engineers was vital to George and Spiro's ability to function as KATs. It seems that a KAT is invested with this informal authority through a mixture of technical competence and serial 'from the front' leadership of a type that comes from having a gut feel for the heart beat of our equipment, which in turn is acquired by standing up to your ankles in milk at 4 o'clock in the morning – on more than one occasion.

Spiro remembered that some fifteen years ago, when our machines had been at the cutting edge of technology, it used to be said that the best training for an engineer in our company was either that of an aircraft technician or that of a ship's engineer. The former because he was part electrician, part electronics expert and part mechanic; the latter because he had to make do with what was available on board, otherwise he would not be going home! It struck me that among our engineers in Greece there are indeed several who have studied aeronautical engineering or who had worked for the national carrier before joining us. Indeed, the technical department in a previous posting of mine had been full of Irish former seamen – I wondered if these rules of thumb still had some applicability to our needs?

*'OK, so you get your credibility by knowledge and hard work, but how is that different from being a service engineer like you were before?'*

*'Hah. Respect.'* said George.

*'How do you mean?'*

*'Well, now we are part of the business.'* George took a sip of ouzo. *'Now we can talk to people inside our company in different departments, both in Greece and outside. We can push the spare parts administration to hurry up the delivery of machine parts, say, or tell the customers' marketing department that if they don't schedule a service soon the machine will be kaput. Before we just reported the situation to the Technical Manager and went out on the next job.'*

*'You're lucky,'* Spiro interrupted, *'I don't have that kind of trust from my customer, but you're right about the internal things – that is much better now. I have more freedom and I like that. But I could do more for the customer if they understood.'*



Spiro and George both agreed that within our company it was beginning to be seen as a promotion to get a KAT role. Where their experiences differed was in the way that they felt the customers' managers, not necessarily the technical people, perceived them. George felt that he was respected and trusted by his external counterparts as part of the KAM team and as such was seen as being involved in the overall business relationship. Spiro was not so fortunate and felt that he was seen as the technician on attachment by the customer and not as an integral part of our company's face to the customer.

We talked a little about how to change Spiro's situation.

*'Why don't you try and use your internal network to show them that you can get things done other than just fixing the machine?'* I suggested.

*'I tried, but not everyone wants to get involved. Most people understand internally what is KAM - but it's not always the case either in Greece or outside. To be a successful KAT you need completely open relationships with everyone. I can work on my internal contacts but I cannot force the customer to do what he does not want.'* Poor Spiro, he has the competence, no doubt about that, but his long term success as a KAT will depend on him being able to work out the relationship issues associated with a multi-level, multi-function KAM set up.

This was going to be a very long lunch.

*'You've got to be one with the customer if he is to trust you,'* said George *'I mean, you must feel what he needs before he needs it.'*

I just wondered if Spiro really did have the ability to empathise with the customer. Certainly as a service engineer he hadn't been really required to get that closely involved with customers. It might have helped, but it wasn't essential. As a KAT, even he recognised that there was something else needed. He still needed to understand what it might be. Then again, it may be the customer who needs to understand what KAM could be for him?

*'How much routine service or repairs are you both doing?'* I asked, changing the subject. *'Because I think you should be minimizing your day-to-day involvement with the machines. Not to lose touch with them but to use some of the younger boys and give them the kind of experience you have got. It looks to me that the customer sees George more as a technical consultant than a technician.'*



*'I think they do, for example last week they started talking to me about line efficiency and not just when will I hand over the machine after a breakdown. This is good because I must integrate and optimize the whole line and that needs concentration and it stretches me. Also I talk to the KAM about line guarantees and that is almost a sales type job. But still I do a lot of work on the machine. The young boys still don't know what to do and anyway sometimes they are scheduled in another part of the country and cannot come to a job.'*

*'Same with me,' said Spiro.*

*'Maybe you could both help in the planning with the Technical Manager and give the boys a chance, what do you think?'*

*'Endaxi, Endaxi' – ('OK, OK') - said the Greek chorus. I wasn't at all confident that 'Endaxi' really meant 'OK'; more like '...and what do you know?' But I thought that I had got a reasonable insight into what these two rather special men were making of the opportunities that the KAM system offered them. But then they surprised me when Spiro said to me:*

*'So what do you think about our training?'*

*'How do you mean?'*

*'Well, some of the KATs think that we need to have sales training, and some financial knowledge, as well as keeping up with technical developments. Because when the customer decides to buy new machines we will be the first to know. We get all the gossip from their technicians, then we can react straight away.'*

This is a good turn of events and the more I think about it the more excited I am by the possibilities of broadening our competence development plan. Of course, we have always said in the company that the engineers are our front line salesmen, but I don't think we have ever done anything concrete about it.

I began to reflect on how the KATs were central to the fulfillment of the action plans and how much of the work at the sharp end depended on their commitment and energy. These two were clearly doing a good job, but were in fact only at the beginning of what they could achieve for our company at the customer interface. In the future, as the action plans are updated and become more subjective in nature and long term in approach, so a well-trained and integrated KAT will be worth his weight in gold to any KAM team.



I felt that although life was not easy for the engineers, we were making progress. They felt more at the centre of things and wanted more training, this was positive. As far as the attitude of the customers' managers was concerned we could only hope that they would eventually see the light.



## 10.5 RAISING THE STAKES

As the second round benchmarking interviews drew closer, I felt that it would be a good idea to try and formalise what the key account managers had done to date. In black moments I realised that we were so near the second round interviews that it was probably too late to influence their outcome. Either an accumulation of days such as the one described below had already made a difference or they had not. Most of all I could feel a new sense of urgency around the office and I was interested in seeing if others felt the same. I think that the story below conveys the degree of commitment that I believe the managers in my company were applying to the affairs of our customers and to the action plans.

### ***10.5.1 A day in the life of a key account manager***

Driving into the office I noticed an Athena delivery truck stacked four pallets high with our product. The bottom layer was already squashed and will look terrible on the shop shelf. I will call Athena's distribution manager as soon as I arrive and draw her attention to the potential problem.

As I open my e-mail I am looking for a reply to my enquiry to our R&D department in France about when they would be ready with approval of a food grade orange dye to be used in the opening device on all Athena's orange juice production. Athena's Marketing Department are trying to colour match the opening devices to the actual product and are desperate for a date by when they could launch. I have approvals on green dye for apple juice, yellow dye for peach juice but orange juice is the biggest volume seller and it is holding up their project – and my sales. No reply. Send a reminder.

There is a message from Athena's marketing department though saying that they have decided that the green is not right because research has shown that for Greek consumers apples are red not green. They want to know if the red dye food grade approved? I send another message to France.

George, our commercial manager, puts his head around my door. *'Morning George – yes I know we have a commercial meeting in five minutes.'* Now, where are last week's sales figures? I'll drop into Sophie's office on the way to the meeting and pick them up – Sophie is my KAM team's sales administrator. Just time to call the Piraeus factory (Athena's largest production facility) and confirm to the manager that I'll be there at 2 p.m. this afternoon to go over his production planning for next month.



As I get to Sophie she is just putting the phone down from Thessaloniki (Athena's smallest production facility) and filling in the last of the sales data given to her by Athena's sales coordinator for their Northern Region.

I arrive at the commercial meeting with Anastasia, the KAM for Hera. She complains that the installation of the new machine for that customer is being delayed because Hera's engineers can't get enough pressure in the steam system that is to serve it. I tell her not to worry; she says she is not worried as Spiro (my KAM team's best engineer!) has said that will look at the calculations for her and will advise the customer's people on what is wrong.

There are two main subjects at this month's internal commercial review meeting of all the customers. Receivables have gone up quite a bit overall and we are beginning to look at next year's budget. My receivables are OK because I have managed to get a good planning system in place so Athena's factory managers consult with their marketing department and with their sales people before placing bi-monthly block orders with me and Sophie. Some of the KAM's have not been so lucky because their customers' managers continue to be wildly optimistic about sales. They over order and then get stuck with stock for which they don't pay. Receivables go up, we stop deliveries, they run out of one SKU and scream for more production, which our finance department doesn't want to approve. The mess lands on the KAM's desk. You need to have a good personal relationship with the customer's financial director to persuade him to pay up so as we can deliver the required order, then you need to work with their marketing department on a promotion to get the slow moving items off the shelves without discounting too much. Glad I'm passed all that hassle – then I remember that apples are red in Greece.

Next year's budget is more fun. I'm hoping to have two new kits available that will allow us to rebuild all the machines at Piraeus so that they can produce a different package format. Machine speed will still be the same so the factory will not feel any benefit of the innovation but Athena's marketers should have a great time. They say that if we deliver the rebuild on time and if they can launch for Christmas, then over the full year they can increase sales by up to 15%. I'm worried though by some pamphlets I have seen that suggest that Supplier 5 has a machine that runs a nominal 50% faster than ours. I can't do much about machine speeds but, with Spiro in the KAM team, I can make sure that our machines produce when they are meant to produce and that line efficiency is kept up at around the 94% mark.

I have included the full effect of the projected 15% increase in sales in the draft budget that we are going to discuss today. George has said that he thinks this is optimistic



bearing in mind the age of the machines. He would rather we go for a sale of a new machine platform that would guarantee an increase in production speeds (thus 'saving' one machine in the production hall at Piraeus) whilst also underpinning a larger potential for sales growth. Perhaps he is right, but I just want a safe path to innovation – we need to show everyone in Athena that we can innovate – and I know that Hans in our German development centre is already well on top of putting together the rebuilding kits that we need. To me this is a better short-term route to innovation than putting in new machines, I mean, look at Anastasia's steam problem with Hera.

At the commercial meeting – *'Yes you are right George, the 15% sales increase would be across all SKU's. No, there are no plans to promote any one particular product above any other. Yes, the vehicle for what Athena are calling a "re-launch" is the new package format – that is why it is so important – we are centre stage. Yes, I appreciate that they will be pressuring us for discounts because of increased turnover but I've spoken to Philip, our finance director, and he says we could go down in price a little and the growth would still be interesting to both the customer and us.'* I know this because we have calculated some NPV scenarios for our investment in the rebuilding kits and there is a positive cash flow based on even a 5% increase in volumes sold.

Approved!! Great, I'll talk to Hans before I leave for Piraeus and tell him its all systems go.

Set the date for next month's meeting, *'No I can't make the 9th because I am taking Athena's marketing manager and the Piraeus factory manager to Spain to visit a customer there who has already made a similar machine rebuild.'* It will be a good opportunity for them to get confidence in the change over and to see a couple of Spanish supermarkets – very different from the Greek retail scene. *'Yes the 12th is OK, I'm back by then.'*

Spiro joins me in the car for an hour's journey to the customer for a distance that should take twenty minutes.

On the way we talk about the other two Athena production facilities and the problems he is having getting them to plan services at regular intervals. Sophie calls to say that whilst I am at Piraeus I should tell the sales coordinator for the Southern Region that next week's shipment is ready and that she is waiting for detailed shipping instructions soonest. If we can get them today then the goods could ship tomorrow, if not they will be delayed over the weekend. We agree with Spiro that I will mention the service issue to the production director at next week's joint review meeting of the action plans.



The action plans have proved to be a useful road map for the way we work with Athena. Their managers readily admit that they did not think our side would follow up on them but I insist that the joint review meetings, involving all levels of management from both our companies, take place regularly. I am certain that these meetings really have been the key to getting top management attention from both sides and to getting things done.

I park the car and Spiro heads for the production hall, I go into the meeting. I check line efficiency figures, spare parts consumption data and finally we get on to next month's production plan which is in line with this year's budget, so no problems there. Spiro encounters a breakdown on one machine so he decides to stay on; I drive back to the office. As I drive in the rush hour I have time to go over what I need to do tomorrow; make reservations for Spain; we have our weekly KAM team meeting at 9 a.m.; lunch with Athena's country manager, he will want to know what new packaging formats will be available by 2004 - I must remember to download the latest NPD information for him before leaving for the restaurant.

At the office I check the e-mails once more. Hans says that he can confirm the delivery dates for the rebuilding kits – good; the orange dye is food grade approved – great; the red is not...



## 10.6 UP AND RUNNING

I wrote in Section 10.1 that the reason for adopting the method of data presentation used in this chapter was to provide a flavour of the implementation of both the KAM process and the action plans in the face of significant data overload. I hope that this has been achieved and I would now attempt to draw out some of the ideas and implications that have emerged in the various narratives above as a means of illustrating some issues that I found to be central to the research at this stage of its development.

Firstly, whilst the introduction of a KAM system is a major organisational undertaking and demands serious thought and preparation, I am convinced that a high degree of pragmatism is necessary in assigning roles and in getting the process up and running. In this case such pragmatism was most obvious in the acceptance of multiple roles by managers in the nascent system (for example the finance manager who became involved in all the KAM teams at their inception) and by the 'poaching' of KATs between KAM teams depending on the needs of the moment. Perhaps neither event would be seen as ideal in a perfect KAM world but their occurrence here did not derail the process as it gained speed and their radicalism certainly resonates with the ideas discussed in Chapter 9 concerning the entrepreneurial manager.

Such cheerful acceptance of the imperfections of a KAM system is perhaps evidence of staff 'buy-in' to the underlying ideas of such an organisation. However, this degree of acceptance is necessary not only at the early stage of implementation but throughout the process. I came to recognise that a significant part of my job was to keep all participants on board and moving in the same direction at roughly the same speed at all times and that issues such as reporting lines, cross functional disputes and the financial implications of the reorganisation, that seemed so important at the outset, soon were superseded by the simple urgency of getting on with the job. Indeed, I was to recall on several occasions Dick's insistence, mentioned in Chapter 3, that the management of participative research requires good management in itself, and came to recognise that Action Inquiry is '*strategy as stretch*' in practice.

This is not to say that all aspects of a more traditional commercial organisation got dropped by the wayside in the rush for KAM heaven. Indeed, the outlines of the interactive team planning schedules, shown in Section 10.3 above, illustrate the heavy administrative demands that a working KAM system seems soon to have generated. However, I would strongly argue that the presence of such management tools is still a far cry from the work of Reekie's unfortunate '*pompous inventory clerk*' (see Chapter 9) and that they may rather be seen as partly fulfilling Millman and Wilson's four main requirements in the role of a key account manager, discussed in Chapter 10.



Alongside this administrative burden there is evidence in the texts of both key account managers and KATs constantly working for their credibility in the eyes of their customers and trying to be close to them. Some of my co-researchers recognised that their cross functional exposure raised requirements for training and I would readily make a case for a competence development scheme to go hand in hand with any good KAM system in much the same way as Ojasalo (see Chapter 10) sees company and individual level benefits as consequences of successful long term KAM operations.

However, on a more cautious note, I became aware during the course of the research that the customers' perceptions of key account management differed. Some saw the system as providing them with a single point of contact whilst others saw the new organisational form as encouraging access across functional silo boundaries. These differing interpretations of the KAM system by the customers themselves once more raised the question posed in Section 2.7 above concerning the kind of relationship the customers themselves want with my company. In my consideration of the matter at that point, I relied on Blois' view that there is no easy solution to the question. I find in practice that a resolution to the question is important and that it requires continuing work on the nurture of the inter-company relationship and the continued honing of the action plans to meet customers' needs.

The most striking thing that comes across in the data presented in this chapter, and which is subsequently borne out in the work that I shall present below in my third cycle of research, is the willingness of people to take on responsibility beyond their apparent organisational duty in a way that would certainly encourage proponents of the organisational learning view at the heart of Action Science. I would argue that the radicalism discussed in Chapter 9, that in this case underpins the KAM approach, has facilitated such behaviour and that the Action Inquiry paradigm that I have adopted here harnesses this energy for more direct organisational change than would an Action Science approach.

Certainly from a practitioner point of view I am persuaded that the KAM model as applied in my company has contributed to the implementation of the action plans and in the next chapter I shall examine if this has contributed to any change in my company's standing with its customers.



## **Chapter 11 - RECORDING THE STATUS WITH A SECOND ROUND OF INTERVIEWS**

Just over a year had passed since the benchmarking interviews, reported on in Chapter 7, were completed. During that year much had happened: my seven year old daughter's front teeth had fallen out, my son had lofted his first 6 on the cricket field and, surprisingly, at the end of it my wife was still at home.

One of the many reasons that might have caused her to go had been the way, during this particular year that my 'real job' became inextricably linked with my activities at 'night school'. The implementation of the action plans (see Chapter 8), their transformation into routine (as described in the texts of Chapter 10) and the intensity of customer contact at various locations around the country made the period memorable for the almost permanent adrenaline high that I worked with.

Nevertheless, it was now time to assess if all this effort had achieved any results. I felt that the relationships with all the customers had improved. Indeed, meetings were now relaxed not tense, banter was good-natured not sarcastic; but had this translated itself into a discernable change in the way in which the respondents perceived my company? Were we actually serving their needs better? In short, did we have a future in the market?

This chapter reports on the outcome of the second, comparative, round of interviews constituting part of the planned research programme. However, before turning to the analysis it is necessary first to discuss some differences in the interviewing process and its outcome that occurred between the benchmarking discussed in Chapter 7 and this second round.

### **11.1 PROCEEDURAL DIFFERENCES BETWEEN THE BENCHMARKING AND SECOND ROUND INTERVIEWS**

During the course of the action plan implementation with all four participating customers, several personnel changes took place in their respective organisations. Some managers were replaced, some others were moved away from involvement in the business relationship with my company whilst still others were co-opted into it. These changes brought about a variation in the composition and number of participating managers in the second round as illustrated in Figure 11.1 below.



Figure 11.1

	NUMBER PARTICIPATING in Round 1	NUMBER PARTICIPATING in Round 2	NUMBER PARTICIPATING for the second time
APHRODITE	3	2	2
ATHENA	5	5	2
DEMETER	3	4	1
HERA	2	5	2
TOTAL	13	16	7

I have interpreted the increase in the overall number of participants between the two rounds as a positive sign, indicating that more managers were prepared to take the time to talk to me about how they felt about my company. Only at Aphrodite did the number of participants decrease, due to the departure of the junior Quality Control Manager, but both the managing and technical directors took part for the second time.

Indeed, only seven of the original thirteen participants were in a position to take part in the second round interviews, however, among them were the managing directors of all four participating companies. Since managers come and go as part of daily corporate life and current incumbents are deemed to speak on behalf of the company they represent, I took the view that this not insignificant change in the composition of respondents was beyond my control and represented the natural ebb and flow of corporate life. I was, after all, interested in the overall current state of opinion about my company amongst its customers and not necessarily amongst individual managers from those companies.

Of course, the nine 'new' respondents had all taken an active part in the implementation of substantial parts of the action plans and were aware of the overall purpose of the work. In addition, as the interview round approached, I took time to familiarize them all with the Enquire Within™ computer program and with the idea of rating the industry competitors against the seventeen constructs. I explained that this part of the forthcoming interviews would provide information on how my company was performing, when viewed against other industry participants, in terms of the constructs that were seen as important by the participating managing directors. I also explained that any comments made during the interviews would help in establishing a deeper



understanding of respondent's concerns and would certainly be reflected in the updating of the action plans for next year.

When the interviews actually took place, their format was identical to that used in the benchmarking interviews as described in Chapter 7. However, it was noticeable that this time the length of the interviews was significantly shorter. Most of the benchmark interviews had taken about two hours to complete whilst the second round interviews were down to an hour and a half in length, with the notable exception of the discussion with the managing director of Hera, which took almost three hours! Once the pattern of shorter interviews emerged I reviewed my use of 'differentiating' questions during the Enquire Within™ rating procedure thinking that perhaps I was not being careful enough in eliciting additional information. However, try as I might I was not able to 'buck the trend' towards shorter interview lengths in later interviews. Once I began analysing the data from the interviews some likely explanations for the difference in interview length between the two rounds emerged.

## **11.2 DIFFERENCES IN THE QUALITATIVE NATURE OF OUTCOME BETWEEN THE BENCHMARKING AND SECOND ROUND INTERVIEWS**

Three distinct differences between the two interview rounds were detectable which, taken together, will have contributed to the shorter length of the second round interviews. Two differences were found in the way respondents approached the Enquire Within™ rating and one was observable in the N5™ qualitative analysis of comments.

### ***11.2.1 Differences in the Enquire Within™ rating***

Firstly, in the Enquire Within™ rating, two patterns emerged in the second round among some respondents which suggested that they had learned to play a game with me in the way they used the rating exercise as a means of feeding back their views on my company's place amongst the industry participants and its merits when compared to the 'best supplier' concept. The patterns were so strong that I formed the view that the rating exercise had been discussed at least amongst respondents within firms and perhaps even amongst respondents between firms.

In the first pattern I found that, in terms of rating the industry participants, many respondents essentially eliminated Suppliers 2, 3 and 4\* from the exercise by giving them consistently low ratings against all seventeen constructs before going on to assign higher and more variable ratings to my company and its main competitor, Supplier 5.

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\* It will be recalled that Suppliers 2 and 3 compete with my company in the area of System 2 type packaging that is not my company's main area of activity. Supplier 4 is an American based company which did not build up its presence in the Greek market from token levels over the period of this research.



The message seems to be that respondents see the competition between my company and Supplier 5 as the competitive arena that my company must excel in and our success in this is central to the way in which they will perceive us. This 'simplified' approach to rating will of course have reduced the complexity of the rating exercise and thus the time taken to complete it. However, a further effect of such consistency of rating is that when Enquire Within™ makes a dendric analysis of all the ratings it is 'tricked' into grouping Suppliers 2, 3 and 4 together and correlating them at the 100% level before going on to compare them as a virtual group with some combination of my company, Supplier 5 and the 'best supplier concept'.

As an additional motivation to my company to try and excel, the respondents seem to have created, wittingly or not, the second of the patterns to be found in the Enquire Within™ ratings. In the analysis I found that all respondents rated the 'best supplier concept' with a 5 across all seventeen constructs with of course the same effect on complexity and time as the response pattern described above. Clearly, on one level, such a high rating stands out as an aspirational target for my company to achieve, for although some respondents did rate us with 5 on some constructs, the number of 3s and 4s was far more prevalent. On another level, the effect of this pattern in the dendric analysis of Enquire Within™ is to make the 'best supplier concept' always stand-alone and to force comparisons of my company or Supplier 5 with it.

Whilst I am certain that some discussion of the rating exercise took place amongst respondents before the interviews and that a common strategy was established, I think that the intention was to send the first level messages discussed above, that is, in the case of the first pattern, to demonstrate that my company should focus on competing with Supplier 5 and, in the case of the second pattern, to underline that there are better suppliers than my company. Indeed, respondents' comments, to be discussed below, seemed to indicate that the perception of the field of industrial competitors had widened to take in suppliers of plastic packaging thus making it more difficult for my company to match up to the 'best supplier' concept. However, I am certain that the second level effects on the Enquire Within™ analysis are quite incidental and that the respondents were unaware of them.

Nevertheless, these effects do exist and in some ways provide interesting insights into the way the respondents perceived my company at the time of the second round interviews as will be demonstrated in Section 11.3 below. I am intrigued to note within my own work, a live example of the research process bringing about change in the research context whilst the work is in progress. This resembles what is expected of 'mode 2' knowledge production systems which, it will be recalled, are thought by Gibbons et al to be *characterised by a constant flow*. Further, I would reflect on the



evident impossibility of maintaining the *status quo ante* among those active in participative research once the research has begun. Indeed, as Heraclitus observed – one never steps into the same river twice!

### **11.2.2 Differences in the qualitative analysis of comments**

Later on in the process of analysis, when transcribing my interview notes into N5™ and coding them as 'sentiments', I noticed that many of the 'sentiments' expressed by respondents in the second round were articulated in a more concise manner than in the benchmarking round. I found a few words being used by respondents to express and conclude their views on my company's performance against particular constructs whereas in the benchmarking round respondents had had much to say about many of the constructs and were happy to elaborate when prompted.

To what extent this succinctness was due to a weariness with the eighteen month process of construct elicitation, benchmarking, action plan implementation and now second round interviews is of course difficult to tell and should not be ignored. However, as the analysis and discussion below will show, the reduction in word content, and consequently in interview length, seems to have been associated with an increase in the number of positive 'sentiments' expressed by respondents during the interviews.

## **11.3 ANALYSIS OF THE SECOND ROUND RATING INTERVIEW RESULTS**

Following the structure of Chapter 7, this section will discuss the outcome of the Enquire Within™ rating whilst an analysis of associated comments will be made in the next section. As in Chapter 7, the graphical representations of the dentric analysis of each second round interview are presented in the Appendix and are marked as Appendix 11.A to 11.P for ease of reference.

It may be noted that as a consequence of the response patterns discussed earlier a much clearer comparison of respondents' perceptions of my company versus Supplier 5 emerges from the analysis. An additional unintentional consequence of the response patterns is that since none of the main industry participants is ever combined with the 'best supplier concept' in a virtual group during dentric analysis by Enquire Within™, the degree of correlation between any of the industry participants and the 'best supplier concept' may be seen as giving some measure of how close to the 'best supplier concept' the industrial protagonists come in the minds of the respondents.



There follows below a discussion of the ratings made by the respondents from each participating customer in the second round and the opportunity will be taken here to compare the outcome of the ratings between the two rounds of interviews.

#### Aphrodite

As mentioned earlier only two interviews were conducted with this customer in this round, however both were with senior managers, both of whom were second time participants. As in the benchmarking round of interviews, my company received its best set of ratings from these respondents. Both respondents equated my company with their best supplier with a correlation between the two at the 98% level, an outcome that was similar to the results from the previous set of interviews.

As Enquire Within™ pursued the dentric analysis of the ratings, it created two virtual groups. One of these consisted of my company and the 'best supplier concept' and the other included all other industry participants. The respondents' rating patterns lead to the dentric analysis calculating correlations of below the 50% level between the two virtual groups. In the benchmarking round Enquire Within™ made the same comparison when analysing the ratings of only one respondent (the other two participants had rated Suppliers 2 and 3 highly thus differentiating them from the other industry participants) and had produced a correlation of 85%.

At the time this suggested that my company and the 'best supplier concept' were only weakly disassociated from the rest of the pack. The current analysis would seem to imply that the managers of Aphrodite now see my company in the same light as the 'best supplier concept' and identify it as very loosely associated, if not different from, all the other industry participants. Since the other industry participants received lower ratings overall in the exercise I feel confident that my company is well perceived by the managers of Aphrodite and that a situation that was the best among all participating companies has in fact been consolidated and improved. The analysis of 'sentiments' will of course provide a check on this preliminary view.

#### Athena

All respondents from this company rated Suppliers 2, 3 and 4 with a 1 on each construct in the manner discussed in Section 11.2.1 above, thus effectively eliminating them from any meaningful rating by Enquire Within™. This leaves the focus of this discussion on the relationships between my company, its main competitor and the 'best supplier concept' brought out by the dentric analysis of the respondent's ratings of them against the seventeen constructs.



In the benchmarking round of interviews, the rating exercise left me with the impression that the operating managers of Athena had a distinct preference for our main competitor and that the managing director did not mind which of the two companies he worked with. This feeling had been based on the strong correlation that our main competitor had achieved with the 'best supplier concept'. In this second round of interviews, Enquire Within™ did not make any direct comparison of our main competitor with the best supplier concept and, based on the data from respondents Athena 2 and 3, even made two such complimentary comparisons with my company calculating an 87% and 90% correlation respectively (Appendix 11.D: Athena 2 and Appendix 11.E: Athena 3).

This would seem to represent an important catching up by my company during the period between the two interview rounds. Indeed, one of these respondents appears to have rated my company significantly higher than Supplier 5. I come to this view because in the virtual group analysis of his responses Enquire Within™ first links the competitor with the very lowly rated other industry participants, achieving a correlation at the 80% level, before comparing all the industry participants with a group consisting of my company and the 'best supplier concept' and making a correlation at the 50% level. This would seem to suggest that, for this respondent at least, my company is closer to the 'best supplier concept' and seen as quite different from its main competitor.

The second round ratings of three respondents result in Enquire Within™ making direct comparisons between my company and its main competitor. The weakest of the three comparisons produces a correlation at the 87% level suggesting that for these respondents the two companies are seen as quite similar in terms of their performance against the seventeen constructs. As a next step, Enquire Within™ links the two companies as a virtual group and compares them against the 'best supplier concept'. In all three cases a correlation of 82% is found to exist suggesting that the respondents do not necessarily see either company as being amongst its best suppliers, but more importantly from my perspective, neither company has a significant advantage when compared to the 'best supplier concept'. This is certainly an improvement over the benchmarking outcome with this customer.

#### Demeter

The addition of one respondent, making a total of four, does not seem to have been the only difference between the two interview rounds at this customer. After the benchmarking interviews I had been worried by the fact that that my company had not been associated with the 'best supplier concept' directly by Enquire Within™ when analysing any of the responses. This time the computer program makes such a direct comparison in the analysis of all four respondents ratings and all with outcomes between



an 88% and 93% correlation. I feel this represents another important improvement over the benchmarking round.

Indeed, three of the respondents follow the pattern of respondent Athena 2, discussed above, and appear to give our main competitor such low ratings that Supplier 5 is grouped by Enquire Within™ with the very lowly rated other industry participants (although the correlation is never made at more than the 80% level) before a comparison is made between that virtual group and one consisting of my company and the 'best supplier concept'. In all three cases a correlation of less than 60% is calculated by Enquire Within™, suggesting that my company is much more closely associated with the 'best supplier concept' than is our main competitor and indeed that there is a clear differentiation made between my company, the 'best supplier concept' and the remaining industry participants.

#### Hera

In this round of interviews this customer added three managers to the group of participants giving a total of five respondents. In the benchmarking round Hera's managers had been the least generous of all customers in their assessment not only of my company but also of all the industry participants. However, although my company had been loosely seen as being different to other industry participants none of these had been meaningfully linked to the 'best supplier concept'.

The second round of interviews appear to have produced some improvement from the perspective of my company in so far as Enquire Within™ makes a direct comparison between my company and the 'best supplier concept' when analysing all of the respondents ratings. Whilst this is of itself pleasing, the correlations achieved are quite variable, with three of the respondents' ratings producing an 80% correlation and two correlating at 90%. Nevertheless, I can only be satisfied that the idea of comparing my company with the 'best supplier concept' seems to have taken root amongst Hera's managers.

A further cause for satisfaction is that none of the respondents' ratings of Supplier 5 are high enough to cause Enquire Within™ to make a direct comparison of the two companies. Indeed, three respondents produce ratings that follow the previously discussed pattern established by respondent Athena 2, making a total of seven respondents across three participating customers who seem to associate my company closer to the 'best supplier concept' than they do our main competitor.



11.3.1 Overall Analysis

Following once again the pattern of Chapter 7, I took the responses of all sixteen participants and, using an Excel spreadsheet, calculated the arithmetic mean rating for each of the industry participants and the ‘best supplier concept’ against each of the seventeen constructs. The results of this analysis are shown in Table 11.1.

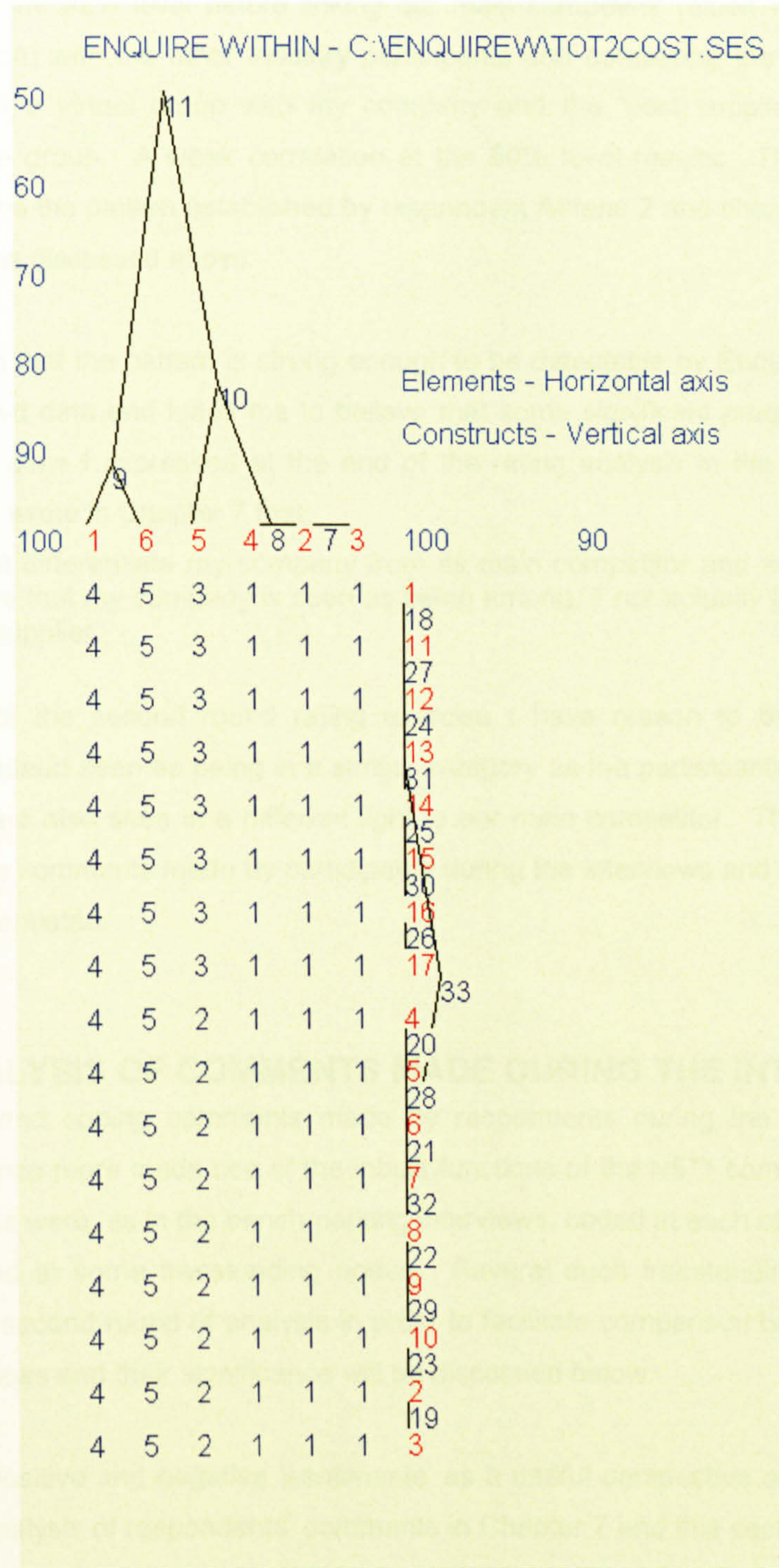
Table 11.1						
The Arithmetic Mean Rating of each Element against each Construct from Round 2 Interviews						
Construct Number	Supplier:					
	My Company	Supplier 5	Supplier 2	Supplier 3	Supplier 4	Best Supplier
1	4	3	1	1	1	5
2	4	2	1	1	1	5
3	4	2	1	1	1	5
4	4	2	1	1	1	5
5	4	2	1	1	1	5
6	4	2	1	1	1	5
7	4	2	1	1	1	5
8	4	2	1	1	1	5
9	4	2	1	1	1	5
10	4	2	1	1	1	5
11	4	3	1	1	1	5
12	4	3	1	1	1	5
13	4	3	1	1	1	5
14	4	3	1	1	1	5
15	4	3	1	1	1	5
16	4	3	1	1	1	5
17	4	3	1	1	1	5
Total	68.8125	42.3125	20.125	18.1875	18.125	83.1875
Mean	4.0	2.5	1.2	1.1	1.1	4.9
Ranking	2	3	4	5	5	1

As I had done when examining the benchmark interviews, I used these synthetic ratings to create an Enquire Within™ grid representing an overall analysis of the rating data. The analysed output of the grid is shown in Table 11.2.



Table 11.2

Dentric analysis of Repertory Grid made of the mean rating from all participating respondents in second round interviews





Whereas in the benchmarking interviews my company had been closely associated with our main competitor at the 98% level before being taken as a virtual group with Supplier 5 and compared to the 'best supplier concept', this time Enquire Within™ made a direct comparison between my company and the 'best supplier concept' and calculated a correlation at the 92% level before linking our main competitor (albeit weakly with an 82% correlation) with the other industry participants and comparing the other industry participants in a virtual group with my company and the 'best supplier concept' as another virtual group. A weak correlation at the 50% level results. This outcome is recognisable as the pattern established by respondent Athena 2 and shared by six other respondents as discussed above.

It would seem that the pattern is strong enough to be detectable by Enquire Within™ in the synthesised data and leads me to believe that some significant progress has been made on the aims I expressed at the end of the rating analysis in the benchmarking round, when I wrote in Chapter 7 that:

I must differentiate my company from its main competitor and secondly I must ensure that my company is seen as being among, if not actually the, customers' best supplier.

As a result of the second round rating exercise I have reason to believe that my company is indeed seen as being in a similar category as the participants' best supplier and that we are also seen in a different light to our main competitor. The next section will look at the comments made by participants during the interviews and see if this view may be substantiated.

## **11.4 ANALYSIS OF COMMENTS MADE DURING THE INTERVIEWS**

In browsing and coding comments made by respondents during the second round interviews I once more made use of the inbuilt functions of the N5™ computer program. The comments were, as in the benchmarking interviews, coded at each of the seventeen constructs and at some freestanding nodes. Several such freestanding nodes were added in this second round of analysis in order to facilitate comparison between the two sets of interviews and their significance will be discussed below.

The idea of positive and negative 'sentiments' as a useful perspective on the data was used in the analysis of respondents' comments in Chapter 7 and this section will use the same approach to the discussion of second round data. The identified 'sentiments' are subject to simple proportion calculations and the Response Intensity calculation is replicated from Chapter 7, both tools being used to gain insights into the meaning of the comments.



In order to substantiate the impression, drawn from the earlier Enquire Within™ analysis, of a positive change in participating customers perception of my company over the two rounds of interviews, this section will also attempt a comparison of the comments gleaned in the benchmarking and second rounds.

***11.4.1 Review of simple proportion analysis of ‘sentiments’ expressed by respondents***

Table 11.3 shows the top-level analysis of ‘sentiments’ expressed in the second round of interviews and follows the format of Table 7.3, which dealt with the benchmarking interview data. A full comparison of the data between the two rounds of interviews may of course be obtained by referring to both tables. However, to facilitate comparison by the reader, Table 11.4 brings together the rankings by total number of ‘sentiments’ expressed on all seventeen constructs in both rounds of interviews by all respondents and shows the change in rank of each construct over the two rounds. In addition, Table 11.5 compares the proportion of positive ‘sentiments’ attributed to each of the seventeen constructs in each of the two rounds of interviews and also shows the simple change therein.



<p align="center"><b>Table 11.3</b>  <b>Analysis of Positive and Negative Sentiments from all</b>  <b>Respondents against Seventeen Constructs Expressed in Round 2</b></p>									
	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+	S+ / N+	S -		N -	S - / N -
				(max = 16)				(max = 16)	
<b>Customer Service</b>	23	13	57%	12	1.08	10	43%	5	2.00
Typical Comment		You are much more proactive than last year.				You should be more flexible.			
<b>Eff. Of OrderProcessing</b>	21	12	57%	7	1.71	9	43%	6	1.50
Typical Comment		These activities run with no particular problem.				You should increase your response speeds to requests.			
<b>Knowledge of Business</b>	19	17	89%	15	1.13	2	11%	1	2.00
Typical Comment		You have improved in this area, you have increased your knowledge of our business and understanding of our needs.				The bottle manufacturer knows us better than you.			
<b>Strategic Alignment</b>	19	14	74%	12	1.17	5	26%	4	1.25
Typical Comment		We consider you as a major strategic partner.				Sometimes you try to push things that we are not really interested in.			



<p align="center"><b>Table 11.3 (Cont.)</b>  <b>Analysis of Positive and Negative Sentiments from all</b>  <b>Respondents against Seventeen Constructs Expressed in Round 2</b></p>									
	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+	S+ / N+	S -		N -	S - / N -
				(max = 16)				(max = 16)	
<b>Rate of Innovation</b>	18	11	61%	11	1.00	7	39%	7	1.00
Typical Comment		You came with new ideas this year.				We see the same things all the time which are going to be implemented in 2003 or 2004.			
<b>System Profitability</b>	16	15	94%	14	1.07	1	6%	1	1.00
Typical Comment		You make actions not just suggestions.				You should be more flexible.			
<b>Support for Marketing</b>	16	13	81%	11	1.18	3	19%	1	3.00
Typical Comment		Marketing Support has most certainly increased				I am not interested in you helping us with our marketing plans			
<b>Operational Efficiency</b>	16	9	56%	8	1.13	7	44%	5	1.40
Typical Comment		The efficiency of all your machines exceeded 80%.				Your machines are complex, hypersensitive, inflexible and expensive.			



<p align="center"><b>Table 11.3 (Cont.)</b>  <b>Analysis of Positive and Negative Sentiments from all</b>  <b>Respondents against Seventeen Constructs Expressed in Round 2</b></p>									
	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+	S+ / N+	S -		N -	S - / N -
				(max = 16)				(max = 16)	
<b>Lead Times</b>	16	9	56%	8	1.13	7	44%	6	1.17
Typical Comment		Simply good, since all products are delivered from abroad.				You should reduce lead times.			
<b>Complaint Handling</b>	15	11	73%	10	1.10	4	27%	4	1.00
Typical Comment		You resolve issues at root cause.				The speed of response should be improved.			
<b>Quality of Technical Service</b>	14	11	79%	10	1.10	3	21%	3	1.00
Typical Comment		You are benchmarking this sector.				We were quite dissatisfied by the last technician they sent us.		Includes anecdotes of service breakdown, not only "sentiments"	
<b>Product Quality</b>	14	10	71%	10	1.00	4	29%	4	1.00
Typical Comment		There is improvement since last year, but still machines are working at their limit.				The printing could be better.			



<p align="center"><b>Table 11.3 (Cont.)</b>  <b>Analysis of Positive and Negative Sentiments from all</b>  <b>Respondents against Seventeen Constructs Expressed in Round 2</b></p>									
	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+	S+ / N+	S -		N -	S - / N -
				(max = 16)				(max = 16)	
<b>VAL. FOR MONEY</b>	13	9	69%	9	1.00	4	31%	3	1.33
Typical Comment		You are one of the best companies in this area.				You are very expensive regarding both spare parts and man-hours.			
<b>INVOICING ACCY.</b>	10	6	60%	6	1.00	4	40%	4	1.00
Typical Comment		Excellent!				I am aware of problems regarding the T2L document that was missing from several containers.		Includes anecdotes of service breakdown, not only "sentiments"	
<b>BR. OF PROD.</b>	10	7	70%	7	1.00	3	30%	3	1.00
Typical Comment		You have improved from last year!				You provide only one product!			
<b>Ord. Accy.</b>	9	6	67%	6	1.00	3	33%	3	1.00
Typical Comment		Rarely do we see such high standards.				You just announce the amount to be delivered, which is almost always greatly deviated (from order).		Includes anecdotes of service breakdown, not only "sentiments"	
<b>EFF. ORD. HAND.</b>	3	2	67%	2	1.00	1	33%	1	1.00
Typical Comment		We have never faced any problem				Average.			
Total	252	175				77			



Table 11.4																			
Comparison of Ranking of Constructs by Total Number of "Sentiments" expressed for each in Round 1 and Round 2																			
All Respondents	(Rank~R1 minus Rank~R2)	Ranking of Construct in Round 1 by Total Number of "Sentiments" expressed about it (Rank~R1)	Knowledge of Business	Support for Marketing	Customer Service	Complaint Handling	Strategic Alignment	System Profitability	Quality of Technical Service	Operational Efficiency	Rate of Innovation	Breadth of Product Range	Product Quality	Eff. Of Order Processing	Lead Times	Order Accuracy	Invoicing Accuracy	Value for Money Services	Efficient Order Handling
(Rank~R1 minus Rank~R2)	Ranking of Construct in Round 2 by Total Number of "Sentiments" expressed about it (Rank~R2)																		
	Knowledge of Business	5	2																
	Support for Marketing	3		-3															
	Customer Service	2			1														
	Complaint Handling	5				-5													
	Strategic Alignment	5					2												
	System Profitability	16						10											
	Quality of Technical Service	13							2										
	Operational Efficiency	10								4									
	Rate of Innovation	1									-4								
	Breadth of Product Range	10										-4							
	Product Quality	5												-6					
	Eff. Of Order Processing	4													2				
	Lead Times	10														4			
	Order Accuracy	14															-2		
	Invoicing Accuracy	14																0	
	Value for Money Services	5																-8	
Efficient Order Handling	17																	0	



Table 11.5 Comparison of Positive "Sentiments" Data from Round 1 and Round 2																						
All Respondents	% Positive "Sentiments" in Round 1 (S+~R1)	Knowledge of Business	Support for Marketing	Customer Service	Complaint Handling	Strategic Alignment	System Profitability	Quality of Technical Service	Operational Efficiency	Rate of Innovation	Breadth of Product Range	Product Quality	Eff. Of Order Processing	Lead Times	Order Accuracy	Invoicing Accuracy	Value for Money Services	Efficient Order Handling	Response Intensity of Positive "Sentiments" in Round 1 (RI+~R1)	Change in % of Positive "Sentiments" between Round 1 and Round 2 {S+~R2 minus S+~R1}	Change in Intensity of Positive "Sentiments" between Round 1 and Round 2 {RI+~R2 minus RI+~R1}	
% Positive "Sentiments" in Round 2 (S+~R2)		89%	81%	57%	73%	74%	94%	79%	56%	61%	70%	71%	57%	56%	67%	60%	69%	67%				
Knowledge of Business	67%																		1.11	22%	0.02	
Support for Marketing	50%																		1.13	31%	0.05	
Customer Service	50%																		1.00	7%	0.08	
Complaint Handling	53%																		1.00	20%	0.10	
Strategic Alignment	20%																		1.00	54%	0.17	
System Profitability	100%																		1.00	-6%	0.07	
Quality of Technical Service	70%																		1.00	9%	0.10	
Operational Efficiency	36%																		1.00	20%	0.13	
Rate of Innovation	13%																		1.00	48%	0.00	
Breadth of Product Range	7%																		1.00	63%	0.00	
Product Quality	20%																		1.00	51%	0.00	
Eff. Of Order Processing	47%																		1.00	10%	0.71	
Lead Times	14%																		1.00	42%	0.13	
Order Accuracy	60%																		1.00	7%	0.00	
Invoicing Accuracy	100%																		1.00	-40%	0.00	
Value for Money Services	20%																		1.00	49%	0.00	
Efficient Order Handling	0%																		n/a	67%	n/a	
Response Intensity of Positive "Sentiments" in Round 2 (RI+~R2)		1.13	1.18	1.08	1.10	1.17	1.07	1.10	1.13	1.00	1.00	1.00	1.71	1.13	1.00	1.00	1.00	1.00				



The first striking difference in the data from the two rounds is that in the later interviews, no single construct stands out from the others by attracting noticeably more 'sentiments' than the others. Indeed, when ranked simply by the number of 'sentiments' expressed on the subject, the Rate of Innovation construct falls from first place in the benchmarking interviews with thirty one 'sentiments', 13% of which were positive, to fifth place in the second round with eighteen 'sentiments' in total, 61% of which are positive. At the same time the closely related Breadth of Product Range construct attracted 70% positive 'sentiments' out of a total of ten in the second round whilst falling in rank position to fourteenth place from tenth place in the benchmarking round. At the earlier stage it had attracted fourteen 'sentiments', only 7% of which were positive. I hope I am not too confident in interpreting this increase in the proportion of positive 'sentiments' on both these constructs at face value and their drop in rank position as a reduction in concern about them amongst respondents in general.

I am drawn to a similar interpretation when comparing the treatment of the Support of Marketing construct in the two rounds. The construct has dropped from third place to sixth in the simple ranking and has attracted sixteen 'sentiments' compared to eighteen in the benchmarking round, however the proportion of positive 'sentiments' has risen to 81% from 50%.

The Customer Service construct takes over first place on this simple ranking in the second round and attracts twenty three 'sentiments', 57% of which are positive. This compares to second place in the benchmarking interviews with twenty 'sentiments' in total, 50% of which were positive. Second place in the simple ranking of second round 'sentiments' is taken by the Efficiency of Order Processing construct with twenty one 'sentiments' in total, 57% of which are positive, compared to fourth place in the benchmarking round with seventeen 'sentiments', 47% of which were positive. I do not attach too much importance to the change in rank position for these two constructs, except to note that they remain important for the respondents, but am encouraged by the increase in the proportion of positive 'sentiments' expressed about both.

The Knowledge of Business construct rises to third place in the simple ranking, up from fifth place in the benchmarking interviews. In the second round interviews it elicits a total of nineteen 'sentiments', up from fifteen in the benchmarking round, and the proportion of positive 'sentiments' expressed about it improves from 67% to a pleasing 89%.



Bearing in mind the nature of the action plans and the way in which they were implemented, I am pleased to see that the total number of 'sentiments' expressed about the Strategic Alignment construct has increased from fifteen to nineteen between the two rounds and that the proportion of positive 'sentiments' expressed has risen from 20% to 74%. This outcome suggests to me that respondents have noticed our work in the area and have more to say about the construct whilst at the same time acknowledging an improvement in strategic alignment between their organisations and ours.

At the lower end of the ranking, the Efficient Order Handling construct attracted only three 'sentiments' in the second round compared with only two in the benchmarking interviews leaving it firmly anchored at the bottom of the simple ranking. However, the System Profitability construct, which had taken the penultimate place in the benchmark round ranking with only three 'sentiments' expressed about it in total and all of them positive, this time attracted sixteen 'sentiments', 94% of which were positive. This outcome resulted in a ranking of sixth place. I would interpret this as respondents beginning to notice the work that my company is undertaking in this area to support them and am encouraged by this.

In the second round interviews all seventeen constructs elicited a higher proportion of positive 'sentiments' than negative ones; this had not been the case in the benchmarking interviews when as many as nine constructs attracted less than 50% positive 'sentiments' and two just touched the 50% mark. Some of the largest increases in the proportion of positive responses between the two rounds have already been noted above, but it is of interest to list the more dramatic changes in one breath!

Noteworthy, and I think meaningful, improvement in the proportion of positive responses between the two rounds can be observed when comparing the outcomes for the following constructs: Breadth of Product Range (7% to 70%), Strategic Alignment (20% to 74%), Product Quality (20% to 71%), Rate of Innovation (13% to 61%) and Lead Times (14% to 56%). Important improvement, but from a more reasonable level in the benchmarking round, can be noted in the following constructs: Support of Marketing (50% to 81%), Knowledge of Business (67% to 89%) and Complaint Handling (53% to 73%). I can only be pleased at such an outcome, particularly as it is spread between a mixture of soft constructs and highly operational ones and affects eight of the seventeen constructs.



**11.4.2 Review of Response Intensity analysis of ‘sentiments’  
expressed by respondents**

Table 11.3 also presents Response Intensity calculations for both positive ‘sentiments’ expressed and for negative ones. Comparison between these results for the two rounds may once again be made by direct comparison with Table 7.3. Alternatively, the reader may already have noted that depth is added to Table 11.5 by the inclusion of positive Response Intensity values for all constructs in both rounds of interviews and the calculation of the simple difference between these values for each construct over the two rounds. Table 11.6 is drawn on the same principles as Table 11.5 but compares the negative ‘sentiments’ elicited from both sets of respondents in both sets of interviews.



**Table 11.6**  
**Comparison of Negative "Sentiments" Data from Round 1 and Round 2**

All Respondents	% Negative "Sentiments" in Round 1 (S+~R1)	Knowledge of Business	Support for Marketing	Customer Service	Complaint Handling	Strategic Alignment	System Profitability	Quality of Technical Services	Operational Efficiency	Rate of Innovation	Breadth of Product Range	Product Quality	Eff. Of Order Processing	Lead Times	Order Accuracy	Invoicing Accuracy	Value for Money Services	Efficient Order Handling	Response Intensity of Negative "Sentiments" in Round 2 (RI+~R2)	Change in % of Negative "Sentiments" between Round 1 and Round 2 {S+~R2 minus S+~R1}	Response Intensity of Negative "Sentiments" in Round 1 (RI+~R1)
% Negative "Sentiments" in Round 2 (S+~R2)		11%	19%	43%	27%	26%	6%	21%	44%	39%	30%	29%	43%	44%	33%	40%	31%	33%			
Knowledge of Business	33%																		0.83	-22%	1.17
Support for Marketing	50%																		1.29	-31%	1.71
Customer Service	50%																		1.25	-7%	0.75
Complaint Handling	47%																		1.40	-20%	-0.40
Strategic Alignment	80%																		1.33	-54%	-0.08
System Profitability	0%																		n/a	6%	n/a
Quality of Technical Service	30%																		1.50	-9%	-0.50
Operational Efficiency	64%																		1.13	-20%	0.27
Rate of Innovation	87%																		3.00	-48%	-2.00
Breadth of Product Range	93%																		1.86	-63%	-0.86
Product Quality	80%																		1.09	-51%	-0.09
Eff. Of Order Processing	53%																		1.29	-10%	0.21
Lead Times	86%																		1.09	-42%	0.08
Order Accuracy	40%																		1.00	-7%	0.00
Invoicing Accuracy	0%																		n/a	40%	n/a
Value for Money Services	80%																		1.50	-49%	-0.17
Efficient Order Handling	100%																		1.00	-67%	0.00
Response Intensity of Negative "Sentiments" in Round 2 (RI+~R2)		2.00	3.00	2.00	1.00	1.25	1.00	1.00	1.40	1.00	1.00	1.00	1.50	1.17	1.00	1.00	1.33	1.00			



It will be recalled that a Response Intensity greater than 1.00 indicates that more than one 'sentiment' per respondent has been recorded against a particular construct. In so far as the RI quotient is a valid measure of 'loudness' of response, and I believe it to be so, Table 11.5 shows how the volume of the positive responses has changed between the two rounds. Agreeably, the positive RI has increased on ten constructs between the two rounds. This effect is most notable on the Efficiency of Order Processing construct, where the RI increased from 1.00 to 1.71 as a result of seven respondents expressing twelve positive 'sentiments' about the construct in the second round interviews compared to eight respondents expressing eight positive 'sentiments' during the benchmarking round.

It is probably also informative to note that in the benchmarking round of interviews only two constructs were calculated to have positive Response Intensities of more than 1.00, suggesting that those positive 'sentiments' that were found among the respondents comments had not been 'loudly' expressed. In the second round interviews ten constructs had positive Response Intensities higher than 1.00 suggesting a little more enthusiasm in the positive things said by respondents. However, it has to be said that none of the RI values on the positive side of the second round interviews reach the highest values on the negative side.

Whilst Table 11.6 is the mirror image of Table 11.5 as far as its presentation of negative 'sentiments' as a proportion of the total expressed is concerned, this is not the case in its arrangement of data on negative 'Response Intensities'. It is thus worth noting that the simple proportion of negative 'sentiments' decreased on fifteen constructs out of seventeen in the second round of interviews. On the two where it did not (System Profitability and Invoicing Accuracy) no negative 'sentiments' had been recorded in the benchmarking round of interviews but now were in the second round of interviews. Perhaps this apparent increase in negative 'sentiment' is mitigated by the fact that in the second round of interviews, a higher proportion of positive than negative 'sentiments' was nevertheless expressed on both constructs.

Turning to a detailed consideration of the Response Intensity calculations made on the negative 'sentiments' expressed by respondents, I am pleased that the overall negative 'Response Intensities' decreased on seven constructs between the two rounds. However, I am concerned about the RI value (Negative RI = 2.00) recorded for the Customer Service construct in the second round interviews. This outcome is the result of ten negative 'sentiments' being expressed by five respondents, a much 'louder' outcome than that recorded in the benchmarking interviews for the same construct when it also elicited ten negative 'sentiments' but from eight respondents (giving a Negative RI of 1.25). Although my company's performance on the Customer Service construct may



be said to have just improved in terms of the simple proportion of positive to negative responses expressed in the two rounds of interviews (57% positive 'sentiments' in the second round compared to 50% in benchmarking), the magnitude of the negative RI clearly indicates that for the five participants who are unhappy with our performance on this construct, it is a very serious issue.

I am less concerned about the high negative 'Response Intensities' calculated for the Knowledge of Business and Support for Marketing constructs in the second round of interviews since reference to Table 11.3 shows that these values are brought about by the negative 'sentiments' of only one respondent on each construct.

However, it must be said that six of the seventeen constructs have seen the negative RI increase between the two rounds of interviews. In mitigation I note that these values are based on an absolute number of negative 'sentiments' expressed in the second round of interviews that is generally and noticeably lower than that in the benchmarking phase.

Overall, I feel justified in sensing a general reduction of negative sentiment towards my company in the second round interviews.

### ***11.4.3 Summary of analysis of 'sentiments' expressed by respondents***

In the presentation of benchmarking results in Chapter 7, at this point of the discussion I turned to an analysis of 'sentiments' garnered from respondents at each participating customer. This was an important step in the research since the insights provided by such scrutiny helped shape the action plans, which in turn guided subsequent interventions and indeed formed the basis for this second cycle of work.

These same insights from the second round interviews have also been used in updating the action plans used in my practice, where I continue to work with my customers and to review their assessment of my company using the techniques developed during this research. However, for purposes of presentation, this level of detail is of less interest as I come to the end of the second cycle of research because I do not intend the third cycle to imitate the structural relationship between the first and second cycles. Consequently the discussion of 'sentiments' by customer is included in the Appendix to this chapter.

However, it is perhaps worth ending this discussion of the accumulated results from both sets of interviews with a simple summarising table that I believe bolsters my emerging view that, between the two rounds of interviews, an improvement was achieved in the way participating customers' managers saw my company.



Table 11.7

	TOTAL NUMBER OF "SENTIMENTS"	NUMBER OF POSITIVE "SENTIMENTS"	% POSITIVE "SENTIMENTS" FROM TOTAL 'S'	NUMBER OF NEGATIVE "SENTIMENTS"	% NEGATIVE "SENTIMENTS" FROM TOTAL 'S'
	S	S+	%	S-	%
Benchmarking Round	228	84	36.8	144	63.2
Second Round	252	175	69.4	77	30.6

#### ***11.4.4 Review of comments coded at 'Free Nodes'***

As mentioned at the outset of this section, I made more use of coding at freestanding nodes in N5™ during the second round interviews than I had in the benchmarking because during these interviews the respondents made more frequent asides that, whilst not relating directly to the construct being discussed, did contain information pertinent to the work at hand. In analyzing the data stored at freestanding nodes I was able to go back to one such node that was common between the two rounds and make a comparison. Other freestanding nodes had been created for use with second round comments and are reported on below. Despite the absence of comparable data between the two rounds I believe the contents of the nodes provide interesting insights into how respondents views changed in the intervening period.

##### ***a) Freestanding Node 'Global/Local'***

This node contains all 'sentiments' that specifically differentiate between the local organisation for which I am responsible and some other concept of my company outside Greece. In the minds of the individual respondents this appears be the regional or corporate management, and I do feel it necessary to examine these concepts in detail. I am certain that each 'sentiment' coded here is expressed with the intention of differentiating the Greek operation from the company outside Greece.

In the benchmarking rounds such a differentiation had been made through nine 'sentiments' expressed by three respondents at two participating companies. In the second round, eight respondents from three companies expressed eighteen such differentiating 'sentiments'. Of the 'sentiments' expressed in benchmarking, three were specifically positive about my local organisation whilst six specifically contained complaints about the company outside Greece. All nine perceived the local company as being dependent on the central organisation for many decisions that the respondents believed should be within the competence of the local office.



In the second round, all eighteen 'sentiments' were at the same time positive about the local organisation yet disparaging about the company outside Greece. Whilst only three 'sentiments' referred to a perceived dependence of the Greek office on the central organisation two actually spoke of an improvement in the service provided by the Greek office which had not been matched by the company outside the country.

I conclude that future action plans will need to address this difference in perception between the local organisation and the wider perception of my company.

b) Freestanding Node 'Key Account Management'

At this node I coded all 'sentiments' that specifically referred to the Key Account Management system that had been introduced as the chosen way of implementing the interventions made with customer between the two rounds of interviews. Of the twelve 'sentiments' expressed about KAM by seven respondents at three companies, five dealt with a perceived improvement in the level of service that the new system had brought about. Two respondents saw this as an overall effect, whilst three spoke about improvements in the level of contact with and speed of response by my local organisation. Two further 'sentiments' spoke of KAM in terms of it being a 'Good Thing' - though I trust not in the manner of the Battle of Hastings (Sellar and Yeatman 1991)!

Only one 'sentiment' coded at this freestanding node could at the same time be specifically related to one of the seventeen constructs and was formulated by a respondent who saw improvements in the marketing support offered by my local organisation and attributed them to the introduction of KAM.

Three 'sentiments' valued KAM because of the improvement the system made to personal contact between representatives of the customers' company and the Key Account Manager from our side. However, on a cautionary note, one respondent felt that the system reduced contact between him and other parts of my organisation, which he had previously valued highly.

I conclude that KAM played an important role in bringing about the change in perception of my company by respondents.

c) Freestanding Node 'Competitors'

It will be recalled that in the benchmarking round I found that ten out of thirteen respondents mentioned Supplier 5 in their comments and that all these 'sentiments' were positive in character. By comparison, in the second round interviews only two 'sentiments' were expressed that could be interpreted as placing this traditional competitor in a positive light and both came from the managing director of Athena. Four



further 'sentiments' from different respondents raised the idea that Supplier 5 is no longer our real competitor and that we should see plastic bottles (which are not in Supplier 5's product range) as a bigger competitive danger. Indeed, a further six 'sentiments' could be identified that placed a supplier of plastic containers (who had not been included in any of the work so far) in a positive light, two even making comparisons in that firm's favour against my company.

It is disturbing that this finding seems to be indicative of a shift in respondents' perceptions of what constitutes the field of suppliers active in the industry and suggests a possible shift in the definition of the industry itself. However, in the context of this work I must be happy that Supplier 5 seems to have indeed been eliminated from customers' minds, although perhaps not in the way I had anticipated! It is to be hoped that this does not constitute a pyrrhic victory for my company and I will certainly include the supplier of plastic bottles in future rating exercises, perhaps at the expense of one of the less relevant industry participants currently included.

d) Freestanding Node 'Reason for Higher/Lower Rating in Round 2'

In all, twenty seven 'sentiments', which had been previously coded either at the seventeen formal construct nodes or at the freestanding ones, also included reasons for why respondents had chosen to give my company an overall higher or lower rating in the rating of the industry participants made using Enquire Within™. These 'sentiments' were copied to this freestanding note during analysis and the following table summarises the reasons given.



Table 11.8

REASON FOR HIGHER OR LOWER RATING IN SECOND ROUND	TOTAL NUMBER OF SENTIMENTS	NUMBER OF POSITIVE SENTIMENTS	NUMBER OF NEGATIVE SENTIMENTS
Global/Local	7	7	0
Systematic Approach to Work	7	6	1
KAM	4	4	0
Overall Improvement or Worsening	4	3	1
Innovation	3	0	3
Recognition of 'Good Intentions' – but to no avail	2	0	2
TOTAL	27	20	7

Without wishing to read too much into this data, my interpretation of it is that many factors impacted the Enquire Within™ ratings in both the benchmarking and second rounds of interviews and that the reasons behind each chosen rating strategy was so clear in the minds of some respondents that they could actually enunciate them. Taken together, 'sentiments' coded at this freestanding node give a strong indication that it was indeed respondents intention to rate my company higher in the second round interviews than it had been in the benchmarking round. They strengthen my view that, based on all the analysis reported in this chapter, a sustainable overall conclusion is that it was the intention of the responding managers to convey a more positive perception of my company.

## 11.5 FINAL REFLECTIONS

As I have written at various points in this chapter, I am confident that, overall, the data from the two rounds of interviews distinguish between two qualitatively different outcomes and that a tangible improvement has occurred in the perception of my



company by managers active in the organisations of participating customers. Whilst there clearly remains much to be done, particularly with Athena, it is important that this change in perception has occurred along constructs that matter to the managing directors of the participating firms.

I am confident that this change has been brought about by the skillful implementation of the relevant action plans by managers in my organisation, particularly those involved in the KAM process and the activities associated with the action plans. This is particularly pleasing given, that as Millman and Wilson have pointed out (ibid. 1996), there is an absence of any recognised programmes upon which to base the training for these managers, but I sense that an adherence to principles of practice outlined by the same writers (ibid. Millman and Wilson 1995) and (ibid. Millman and Wilson 1999) as well as by Pardo (ibid. 1999) has contributed to this success.

I am also satisfied that my company seems to have found a place very close to that of the 'best supplier' concept in the minds of responding managers and that at the same time we seem to have distanced ourselves successfully from our main competitor, Supplier 5, in these perceptions. This will make cooperation with the customers more credible in the future and will provide a much more solid basis upon which to update the action plans and develop our relationships.

I believe that the first set of action plans, and their effects reported on here, have seen the harvest of the easiest pay offs for my company. In setting about the updating of the action plans it would seem to be quite natural that they will be more long term in scope and will seek to entrench gains made between the first and second round interviews whilst also addressing more complex issues of an enduring nature. Certainly one of these issues must be the perception of my company outside Greece amongst participating customers.

Nevertheless, I feel that the first two cycles of this research have been successful in defining a problem area in my practice, in designing a procedure for monitoring the problem and in addressing interventions aimed at its preliminary, if partial, resolution. In addition I am confident that at this point of the research I have established KAM as a process within the organisation in much the way proposed by the work of Spencer (ibid. 1999) discussed in Chapter 9. Indeed, I might go as far as to presume that the budding success of KAM in my organisation might in time replicate the experiences of McGinnis and McCarty (ibid. 1998), discussed in the same chapter, and deliver '*superior service*' to my customers.



However, as I approached the third cycle of my research, I began to feel that further pursuit of the model I had established thus far would be less academically interesting - although it should be noted that my commitment to it in my practice continues.

In so far as the overall conclusions that I have drawn from the outcome of the two first cycles of research are positive, I became interested in moving on to examine one specific aspect of the interventions that had brought about this encouraging change for my company. I decided in the third cycle of my research to delve more deeply into the role played by the key account teams in the successful implementation of the action plans.



## **Chapter 12 – HAS KAM BEEN A VIABLE ORGANISATIONAL RESPONSE?**

### **12.1 Introduction**

Grounded as this research is in the paradigm of Action Inquiry, it would not seem unreasonable for this third cycle of work to examine the consequences of the undertaking on the development of my organisation. Such an approach might be particularly apposite since, when contrasting the outcomes of the benchmarking and second round interviews made at the end of each of the two previous cycles of research, I am encouraged in the view that a tangible improvement occurred in the perception of my company among the managers of its customers during the intervening period. I am also confident that this change is, in great part, associated with the implementation of key account management as a means of ensuring the fulfilment of the customer specific action plans which were designed to achieve just such an improvement.

Whilst the process of updating the action plans in the light of the second round interview results continues as part of my professional activities, this third cycle of research provides me with the opportunity of exploring the ways in which the key account management approach worked in practice. By gaining such an understanding I hope to be able to judge if KAM, as applied in my organisation, offers a stable organisational platform that I can continue to develop in the future.

In outlining some of the challenges that exist in a KAM approach, McDonald et al. (1997a) recognize that

Key Account Management requires process excellence and highly skilled professionals to manage relationships with strategic customers. (p. 754)

Whilst I am confident that my capable co-researchers have not skimped on effort during the period covered by this work, I need to examine if we have indeed been able to bring about a positive change in our own organisation that at least approaches McDonald's ideal of 'excellence' and which might have been a factor in the perceived improvement in the company's standing. If we have not succeeded in this then the assumed effect among the customers' managers may either be a mirage, an accident or due to factors other than the interventions of the previous cycle. If the interventions of this research have not had some bearing on customer's perceptions of my company, then our organisational changes are an edifice built on sand.

I hope that in what follows I will be able to identify some key success factors for key account management and so go some way towards ascertaining if, through my research and practice, I have been successful in establishing KAM in my organisation as an instrument of support for the strategic marketing process.



## **12.2 Cycle three – a new yet retrospective research question**

In this third cycle of research I want to address the question of whether viable teams have been created which could be seen as a solid foundation upon which to refine our particular approach to the process of key account management in the future.

As a result of feeling increasingly confident in the procedures of qualitative data collection and analysis, I understood that in this cycle the nature of my research would be different from that of the first two cycles. These had been about identifying a problem area, getting a feeling for its intensity, designing and implementing interventions for its amelioration and then taking a view on whether the desired improvement had occurred. Now I am coming very close to theorizing about what has brought about this change. In order attempt the creation of a case specific theory, I need first a response to the question posed above.

An analysis of the way in which the key account management teams have worked is therefore essential in this cycle and an important source of data will be 'horse's mouth' descriptions of the KAM process from among the team members themselves. However, I recognize that the texts that ultimately will be used for this analysis will not serve as descriptions of the qualities of particular KAM team members. Rather they will function as descriptions of the situation and will not 'attach' to particular persons. They will be used to seek out, and confirm, the patterns and processes that have, I venture, become part of key account management in my organisation.

In such circumstances, Titscher et al. (2000) take the view that the context of the text collection is a more relevant unit of data collection than the selection of participants. I agree that the choice of data context is an important criterion for the required analysis, but at the same time am sure that more than one story of key account management will need to be collected to maintain rigour and validity in this cycle. Thus, I decided on the following strategy for data collection.

Firstly, I chose to look at two out of the available four key account management stories. I felt that this number would inevitably provide a richer record than the exploration of only one team's work since each story would provide a different perspective on the whole. I also felt that within the context of this research, two was a reasonable number of stories to follow because together they would allow some degree of comparison which would encourage further thought as I go on to apply the findings to my practice and to explore case specific theory in my research. Once the two key account management teams that would provide the basis of the work of this cycle had been selected, I could concentrate on ensuring that the contextual background for the elicitation of the stories was appropriate.



I selected the two key account teams to be studied through a random process whereby I wrote the four participating customers' code names on four pieces of paper and, without explaining the subject of the lottery, asked my wife to draw two lots from an opaque Tupperware container. I discarded the two lots that were drawn and unfolded the two that were left in the container as the randomly selected teams for participation in this part of the research. Fate determined that the stories of the Athena and Hera KAM teams would be the subjects of this cycle.

I now gave some thought as to which contexts would provide useful data. Naturally, interviews with individual team members would be vital because they would provide insight into the personal characteristics that were at play within each team. I planned for ten such interviews in all, one with each of the members of the two key account management teams. I also decided that a discussion with each team separately would be a valuable source of data on group characteristics and so planned for two such meetings.

As has been noted in the texts of Chapter 10, the teams had come to the point where they had each arranged an implementation programme for their allotted action plan. Inevitably, substantial parts of these programmes dealt with premeditated interaction with the customer and the follow up to such contacts. I knew that both teams were 'more or less' following such a pattern and so I decided to observe one such cycle for each team. Thus I included in the data gathering plan one team meeting whose goal was preparation for a customer meeting, the customer meeting itself and the follow up back at the office, making a total of six observation sessions. I felt that this chance to appreciate the framework within which the teams were actually operating would provide a further useful perspective.

In addition to the data gathered during the eighteen meetings described above, I would also have at my disposal the parts of my Research Diary that encompassed the time since the key account management approach had been introduced and all internal communications regarding business with customers and the KAM teams themselves. I was reasonably comfortable that such a spread of data collection contexts across two of the four key account teams would, when the time came for analysis, give plenty of scope for constant comparison.



## **12.3• The data collection programme**

### ***12.3.1 The individual interviews***

In the interview plans that I established I wanted to arrive at a short description of the personal history of each of the team members by eliciting such information as years of service and career history. I reasoned that the team members' perception of our company as a whole and the influence of its philosophy on day-to-day behaviour at work might also provide interesting background material. It would then be useful to have the respondents talk about their own role in the team and on the functioning of the group overall. What relationships existed in the team and what behavioural patterns had emerged? How did the teams actually go about implementing the pre-agreed customer action plan? What had been the key account manager's style of leading the team? What were the members' positive or negative experiences in the key account teams and what weaknesses did the teams have?

The setting, meeting and evaluation of objectives within the teams would also be an area explored by the individual interviews as would ways in which team participation enriched the personal professional experience of the respondent. Essential to a successful interview would be the respondents' personal evaluation of the key account management idea and the value they believed it brought to the customers, to our company and of course to themselves; what was different about the members' work today compared to what it had been before the key account management process was implemented?

### ***12.3.2 KAM team discussions***

The objectives of the group discussions would be to explore the shared experiences of the teams and to gain insight into how they saw themselves. I felt that these meetings would provide insights into any processes that may have taken shape since the implementation of the KAM approach. Also these discussions would allow the groups' criteria for success to be explored and assist the investigation of what the KAM teams thought was significant in the whole key account management process.

I felt the team discussion phase of data collection to be important because it would provide an opportunity to go over ground dealt with in the individual interviews and so to some extent to triangulate and verify it. Later, in analysis, attention would be given to the way in which individual and group descriptions differed from or indeed resonated with each other.



### **12.3.3 The observation sessions**

In observing each of the preparatory meetings the main objective would be to see how the group functioned and to look for the execution of structures reported in the previous individual and group interviews. The way in which the team leader planned, organized and assigned tasks would also be of interest. At the actual customer meetings, the main object of data collection would be to understand the interaction between the two sides. The emphasis would be on the way in which communication worked between the team and the customers' managers and also on the reactions and demeanour of these latter.

At the debriefing session, the way in which information from the customer meeting was fed back into group activities would be observed and an insight sought into how the team dealt with the next steps to be taken. The sessions would also allow some degree of triangulation of observations on team dynamics made in the earlier pre-meetings whilst the whole series of observation sessions would assist in the triangulation and verification of the interview texts.

## **12.4 The results of the data collection programme**

The programme of interviews, meetings and observations took place between the 1<sup>st</sup> November 2002 and Christmas of the same year with the data being analysed during the Christmas/New Year break. The analysis was facilitated by use of the N5™ computer program which has been used in the first two cycles of this work and which is discussed elsewhere in this thesis.

### **12.4.1 Coding scheme**

**The following is a list of coding nodes that emerged during analysis. It will be recalled that** N5™ allows the continuous addition of coding nodes during analysis and it should be noted that this listing developed throughout the process of analysis.

- a) Personal Background
- b) Reflections on Internal Company Structure**
- c) Reflections on Internal Company Operations**
- d) Life before KAM**
- e) The way in which the KAM approach was introduced into the company**
- f) First impressions of the KAM approach**
- g) Preparation for the KAM approach**
- h) Perceived customer background**
- i) The way the KAM team operated**



- a. Contribution of individual members to the KAM team**
- b. Relationships within the KAM team**
- c. Key account management team objectives**
- d. Key account management team operating practice**
- e. Appraisal of KAM team achievements**
- f. The role of the key account manager**
- g. Positive and Negative experiences**
- j) Overall Evaluation of the KAM approach**
  - a. Benefits to the customer of the KAM approach**
  - b. Benefits to the company of the KAM approach**
  - c. Benefits to the team members of the KAM approach**
  - d. Perceived criteria of conduct for a successful KAM team member**
  - e. Perceived criteria of conduct for a successful key account manager**
- k) Personal 'best practice' comportment towards the customer**
- l) Team 'best practice' comportment towards the customer**
- m) The way our organisation has changed as a consequence of the KAM approach**
- n) The way our relationship with the customer has changed.**

## **12.5 The analysis of data**

This section presents the data in terms of the themes that emerge through the analysis and which can be seen to address the current research question.

### **12.5.1 Before and After**

The first thing to verify when enquiring as to whether the interventions of the previous cycle had an impact on the perceived improvement in the company's standing with its customers is to check if the KAM implementation actually happened and impinged on the reality of day-to-day work in my organisation or was it just a figment of my personal ambition? I have seen initiatives instigated in organisations that have received the praise of their corporate masters but have in reality made little difference to the exertions



of the employees. Just because, as the Key Account Technical ('KAT' it will be remembered) of the Hera team recalls:

We went through some introductory seminars with people from the head office, it does not mean that the initiative became embedded in the organisation.

This section will begin the presentation of the analysis by identifying evidence that supports my view that the KAM approach today constitutes a specific operating system that functions within the basic company framework and that it represents a tangible organisational development.

Whilst the Engineering Representative of the Athena team points out that '*it was the first time for all of us*', I found throughout the data team members ready to make comparisons between the 'before' and the 'after'. Despite the heavier workload that the new approach had meant for all of them, the contrast was unanimously seen as positive. During the individual interviews, every single team member made statements with sentiments similar to the following:

In a key account context one has the opportunity to be fully posted what is the status of the stock at that given moment and stuff like that, it's a totally different way of working and directly dealing with the client.

(Sales Administration Representative – Athena Team)

The technical department can usually be relied on to 'tell it like it is' and I was particularly struck by the forthright remarks of the KAT of Athena who observes:

That thing with key accounting has helped a lot generally, both due to the account manager and the rest of the team, but due the account manager even more, because before there was nobody in charge. Now the account manager has a continuous contact with the customer and they find that very positive.

I was concerned to find that things might have been as bad as all that and I began to get the feeling that the earlier organisational structure may have been highly task oriented with functional departments working as silos according to their own rhythms and rules reinforced by a traditional hierarchical configuration. This would certainly have accounted for the lack of enthusiasm expressed by the customers on the operational constructs such as Customer Service, Support of Marketing and Strategic Alignment. My concerns were summed up by the Sales Administration Representative of the Athena Team, who notes:

Before teams were formed we had no idea of what took place in other departments, we didn't know what they were doing...

Not content with this blast from the past, she continues elsewhere in the text:



One of the problems we had to deal with was the lack of communication. There was no briefing.

Such a state of affairs would have had implications for Operational Efficiency, Order Handling, Lead Times and other constructs which were information driven. I was reluctantly coming to the view that, as the business itself had become more complex and before the KAM approach was implemented, we had inadvertently lost touch with commercial reality.

Finally, the same respondent gave me some respite in my dark thoughts when she seems to suggest that the KAM approach had resulted in some much needed cohesion and effectiveness being introduced to the organisation:

Now, under the current circumstances, you know exactly what the others are doing and you also get to view an overall picture from the customer. I strongly believe that the current situation is extremely favourable because one gets to see the full picture.

Thankfully this opinion seems to be shared by many of the KAM team participants, for example a member of the other team being examined says, almost enthusiastically I thought:

Now each one understands perfectly what is the other's job, and in what ways someone can undertake something from the other for the company's sake. Our job gets done more effectively; a grid is created which I believe coordinates the situation.

(KAT – Hera Team)

A clear outcome of the key account management implementation seems to be that it has brought about change in the operating practices of our company. Indeed, KAM teams bring together expertise from all operating functions of the company and appear to successfully focus a cross-functional effort on the customers' specific needs:

The objective of all the key accounting teams is to focus entirely on the specific customer.

(Key Account Manager – Hera Team)

Better motivation among the team participants is also evident throughout the texts, my personal observations and in the volume of e-mails generated over the last year! I cannot agree more with the Sales Administration Representative of the Athena team, who says:

Motivation counts - the feeling that the rest of the team appreciates your work is rewarding.



What a change! Perhaps it is too much for me to say that I see work becoming its own reward but I certainly detect an evolving team ethos that will be explored below. Today both the team members and I see our overall approach to the customers as being more dynamic. Above all, we have reduced the time and complexity of the decision making process, improved the flow of information in the company and made the team members responsible for getting things done in ways they feel are appropriate but within a well defined management structure. In short, key account management seems to have put some badly needed life back into our work.

The commitment to the key account management approach from my co-researchers is very strong and there is a clear message in the data to me that despite a tough start up period (*It was the worst period of my life*, recalls the Key Account Manager of Hera) that they see KAM as a long-term undertaking and not as an experiment. The KAT of Athena Team is convinced that *Key Account Management should be continued* - and I concur.

I consider this steadfastness to be vitally important for the future because it suggests that, in the minds of the key account management team members, the notion of KAM has gone beyond a project timeframe defined by this research and is becoming engrained in the way the local organisation goes about its business. I conclude that, not only is key account management a tangible step in the organisation's progress, but that the team members themselves believe that this is a viable way in which to manage customers in the future. Confident of the support of my co-researchers themselves, I feel that I must now satisfy myself, and the reader, that it is reasonable to deduce a positive response to the research question posed in the title of this chapter.

### **12.5.2 Some differences appear**

When continuing to read and reread all the available data I began to form the view that, despite the unanimity of opinion on the benefits of key account management that has so far emerged, the two groups being studied actually approached their tasks in quite different ways. The Hera group had developed a definite team structure in which much of the activity was collective but was often characterised by what according to normal corporate standards would at least have been called radical! In contrast, the Athena group did not have such a well-defined structure and its members worked together as individuals and cooperated as good colleagues in a much more traditional manner. It is open to interpret this observation as a reflection on the commitment of the individuals in the Athena group to the idea of an empowered team approach but I would not support such a view.



The reasons for my rejection of it lay in the nature of the customers and of the teams that were constructed to serve them. Athena is a significant customer for our company by volume of turnover and is a very demanding one at that. Hera is a somewhat smaller organisation and, whilst demanding, its business perhaps represents a lower level of complexity than that of Athena. Further, at the time of establishing the key account management teams, three of the four constructs upon which we faced problems at Hera could be seen as clearly defined operational issues whilst our concerns at Athena were along a broader range of constructs, as reference to the action plans in Chapter 9 will confirm.

In addition and in view of the different characteristics of the two companies I decided, when creating the KAM teams, to include one more manager level employee in the Athena group so as to take into account the intricacy of the issues we faced with that customer. I think that as a result, the style of the Athena KAM team became more 'strategic' than that of the Hera group and this may at times have left the team short on practical execution. I would not in itself criticise this focus on strategy since the approach is well aligned with the nature of the constructs addressed in the Athena action plan. Indeed, it may well have been because of this more strategic approach that the team found it easier to mirror Athena's more traditional organisational structure than to emulate the sweeping style adopted by the Hera team:

The customer has a very different style, it is still more hierarchical and the formalities have to be somewhat more recognisably maintained, in that sense we have to respect that at the same time.

(Financial Representative – Athena Team)

As an illustration of the more traditional operational stance taken by the Athena KAM team I would offer the following remark made by the Financial Representative of the group:

Although we (*the financial department*) may well work with other team members on certain things, it is quite likely that team members are not immediately involved in that project area.

The more aggressive reading of their action plan by the Hera team seems to have defined how they went about their work in the early stages and, from my observation, they pursued some 'easy wins' for the group from the outset:

One reason for the team working well was that the project was a specific project.

(Key Account Manager – Hera Team)

However, I would maintain that going after the low hanging fruit did not affect the longer-term strategic objectives of this team, for as its leader continues:



The initial goal was to alter client perceptions of our company. They were disappointed from us; they thought we had neglected them. Thus our interest was perceived as an improvement.

It could well be that the mixture of managers and non-managers in the Hera KAM team gave it a good balance of strategic authority and practical effectiveness. Overall, and for whatever reasons, I feel that the Hera set perhaps came to grips with a group rationale in a better way than did the Athena team members and that this is reflected in the way that they managed the tasks of their action plan. The following were comments typical of the Hera KAM team:

We knew what we had to do each time, each one of us had one aspect to deal with.

(Sales Administration Representative – Hera Team)

Because we were part of the team we felt responsible and we tried to do our best.

(KAT – Hera Team)

Indeed this last respondent goes on to sum up the group's cohesive approach and strategic intent in the following way:

In case of a problem, we were making a full attack through all of our means. Each one on their level but massively, all together, phone calls, e-mail, we were telling something that would have covered all of us. Each one on their own levels, Anastasia a little more highly up in the company.

Nevertheless, as the second round interview results showed, the Athena KAM team succeeded in establishing an acceptable level of co-operation with their customer and were able to handle the frenetic pace and complexity that are characteristic of Athena - *'We cannot sit back at all, there are always projects running, it's an ongoing process'* observes the team's Engineering Representative. Indeed, a procedural review of the Athena action plan concluded that the KAM team had successfully fulfilled it. Bearing in mind the particular constructs on which we were poorly perceived by Athena's managers in the benchmarking round of interviews and the contents of the action plan subsequently outlined for the customer, I feel that the KAM team did indeed lock on to the issues as an independent unit very well as the following quote from the group discussion illustrates:

The aim was to have a closer relationship with the customer, working together towards common goals, walking in the same direction, this would be very nice.

(Key Account Technical – Athena Team)



The team members themselves seem to have been confident that they were hitting the right buttons in their interaction with the customer's managers (*They feel us as cooperators, they consider us as cooperators* says the KAT) and this general sense of being on the right track seems to have confirmed and reinforced the team's more conservative tactics.

Overall, and despite these clear differences between the two KAM teams, I nevertheless feel confident that they both accepted the freedom and license to take responsibility for their customer and the implementation of the action plan. It may well be that the reasons for the differences in approach are to be found in the composition of the teams or in the nature of the customer served. However, whilst I recognize that there is a legitimate question here, I feel that rather than pursue the reason for the emergent differences between the two teams it would be preferable to go on to look at the ways in which the teams worked as groups. An understanding of this aspect of key account management in the organisation will, I believe, be more helpful in taking a position on the practical sustainability of the teams in the future.

### **12.5.3 All in a days work**

The different styles of the two key account management teams seem to have manifested themselves in several ways. One of these is the way in which meetings were used by the KAM teams. The strategic rather than operational approach of the Athena team comes through the data in comments such as the following:

*The team meetings are more informative, evaluation meetings. It's not so much for decision-making; this is done on a daily basis.*

(Sales Administration Representative – Athena Team)

The approach is confirmed by the group's Engineering Representative who says:

*We usually start by having a round table, a sort of discussion or presentation of where we stand in terms of business. Then we refer to the objectives that were set ... and we see how much progress we have made towards these objectives.*

In contrast, the Hera Team appear to have had much more frequent and more structured team meetings and this seems to have been important for them. The outcome of these meetings was that:

*We were all in the same line of thought and we were able to plan our future moves towards the customer*

(Key Account Manager – Hera Team)



The importance of team meetings is confirmed by both the Sales Administration Representative and the KAT of the Hera KAM team:

The fact that we held meetings and we shared our problems was very important.  
and

Meetings were the most important of all, we felt like a team.

The more ad hoc attitude to meetings prevalent in the Athena team is revealed not only in my observation and in the operational correspondence of the period but also through the interviews:

We may visit the client or have meetings separately, according to the issues raised.

(Key Account Manager – Athena Team)

Interestingly, despite the obvious existence of an official structure for team working in the Hera group, the team members do not seem to have perceived themselves as restricted by it. Rather they see themselves as 'improvising', a word that was used frequently by this team not only in these interviews but also around the office and in their daily work. Perhaps the point here is that the members felt comfortable with the balance between the formal processes described above and the freedom that an autonomous KAM team arrangement bestowed on them. As the Key Account Manager says:

Before the team we had to ask for permission, now we were freer to take decisions.

The Sales Administration Representative notes:

We have not followed the formal processes; we did not go by the book. Some of our methods were not the standard ones, they may sound strange – but we were productive and effective.

As I reflected on the different ways of working within the KAM teams, I began to appreciate that despite their diversity, the fact that each KAM team had a common purpose meant that the emergent key account management process, however administered, had a role to play in the accumulation of knowledge. The team members seemed to recognise not only the opportunities for individual learning that KAM afforded:

We have become richer, we have learned many things.

(Key Account Manager – Hera Team)

We learned more about the whole process and each one's field.

(KAT – Hera Team)

But also acknowledged the possibilities for group learning:



Each one of us was responsible for one area, but knowledge and expertise was shared.

(KAT – Athena Team)

At this point in my thoughts I began to feel that there was something about the tone of the data concerning the Hera team that was freer than that from their Athena team colleagues. I was struck by the difference between the ideas of 'cooperation' and 'coordination'. The more I thought, and the more I swept the data, the more I began to feel that the work of the Athena KAM team was characterized by an excellent degree of coordination whilst that of the Hera KAM team was similarly characterised by 'cooperation'. Almost simultaneously I became aware that individuals within the Hera team were working above themselves and that, as corny as it may sound, the whole was becoming greater than the sum of the individual parts:

We have managed to overcome the crisis through collaboration, this offered a greater dynamic.

(Key Account Manager – Hera Team)

In terms of delivering results I am, as a manager, not concerned how the team has operated to achieve its goal. As a practitioner-researcher I am intrigued by the long-term implications of cooperation or coordination as management styles for the groups involved. As a researcher I must consider the way individual members respond to these differing styles if I am to take into account the sustainability of individual contributions within the two teams being studied for the future.

#### **12.5.4 The individual in the team**

My awareness of the role of the individual in the team had been present from the moment the teams were put together and was founded on the work recounted in Chapter 10. I had tried to select groups of people who might fit together as a team and who would certainly ensure the right level of technical and managerial competence to deal with the action plans. I recall having discussed team formation with the key account managers and with prospective members themselves. However, in the time frame available for the work, which was dictated by continuous customer irritation with my company, and with the individuals available to me in the organisation there was little scope for establishing and pursuing personality criteria for team membership.

I am thus a little disappointed that the team members themselves do not seem to recognise the, albeit informal, effort that was expended at this early stage of key account management:

We were put together according to our professional experience.



(Engineering Representative – Athena Team)

The only thing that played a role was the experience of each one of us.

(Key Account Manager – Athena Team)

The team formation was directed by the project.

(Sales Administration Representative – Hera Team)

I conclude that in future I will need to spend more time on KAM team recruitment and selection.

Despite this dissonance in recollection of the formative stages of the team's existence, an interesting aspect of the Hera KAM team's development is that the group became very close on a personal level and although they all had known each other earlier they now began socializing outside work where apparently talk often turned to customer issues. I am confident that these strong bonds helped the culture of cooperation to flourish among the team.

Another thing is that we have been colleagues for many years, we started together in the company, we knew each other.

(KAT – Hera Team)

Another significant element in the data when looking at the role of the individual in key account management implementation seems to be the impact on the view of team members on their role in the company and on their perception of their work. They recognize the fact that teams include and empower managers and non-managers equally and they see this as positive. As the Sales Administration Representative of the Hera Team has it:

... Nobody pretended to be the boss either; each of us knew where the limits of his jurisdiction laid. Anastasia, who was the project leader, never acted in a bossy manner we were absolutely free to act, as we liked.

Her team's KAT seems to agree:

I was upgraded, me who had the experience, the knowledge, the contacts with the customer, the acquaintances, the formal and informal information. I had the authorization to take decisions now, as a member of the team.

There is one further and perhaps important explanatory variable for the different KAM team styles that I am not able to explore in this work. The Hera team is made up entirely of local employees whilst two out of five of the Athena team are expatriate non-locals. Overall in the Athena team I would say that this worked to our advantage but there appear to be latent internal intercultural issues within the group. Bearing in mind the party atmosphere of the Hera KAM team, I was saddened in some way to hear the following about the Athena group:



The relation between the team members was just professional, it was not personal it's a different relation. We do not go for a beer all together afterwards because of Pierre-Yves, who is a foreigner, he is a wonderful guy, as a professional, but we cannot joke with him.

(KAT – Athena Team)

To what extent this kind of sentiment permeates the Athena KAM team is difficult to tell but it goes some way to accounting for the group's emerging preference for coordination rather than cooperation. Nevertheless, I would continue to maintain that the individuals in both KAM teams see themselves as part of a compact and collective structural unit, which operates according to a set of internal rules. However, there seems to be a belief that the personality of their team colleagues influences the KAM team's success in their assignment whilst that of the key account manager influences the style of the team. I shall examine this aspect in more detail below.

Notwithstanding these distinctions between the KAM teams I continue to be impressed by the overall sense of commitment and clarity of purpose that has been engendered in individual team members since the introduction of key account management:

I was the ear and eye of the team in Hera, I transferred information, there was no information gap.

(KAT – Hera Team)

This kind of behaviour has given individual KAM team members confidence in the importance of their personal contribution to the work at hand:

I felt active; I felt my voice could be heard.

(Sales Administration Representative – Hera Team)

It is not only the interview data that indicates that the individual team members have grown as people. Their personal aspirations and career goals are today set at a higher level, as I note from their annual performance reviews and in general 'lunchtime' conversation. Even the non-managers have begun to see themselves as having real accountability for outcomes. On a personal level, the team members clearly thrive on the additional responsibility inherent in the KAM approach (*I have responsibility towards the company* enthuses the Athena team Engineering Representative) and feel themselves accountable to other members of the team (*You feel responsible because others count on you* says the Hera Team Sales Administration Representative).

In my review of the data from the point of view of the individuals in the KAM teams I have discerned a very definite need to promote personal bonds between members. So far I seem to have been lucky with the Hera team but the experience of the Athena team



suggests that such team integration does not necessarily happen by itself. Bearing in mind the long-term nature of the key account management undertaking that I would wish to bring about, I am prepared to contend that in this first phase of their development, the KAM teams have harnessed the energies of their individual members. This is particularly true of the Hera KAM team and based on their practice it would seem to be desirable for team members to commit and to work within the team not outside it. Ideally, they should, to a significant extent, place the team beyond their personal duties within the firm and they should take initiatives on behalf of the team whilst feeling confident enough to express their own opinions and support team decisions towards the customer.

Some of these characteristics are evident in the Athena team but I do not feel that they are as well grounded as in the Hera group. In the future I will need to examine the remaining two teams from the perspectives of cooperation and coordination whilst perhaps working on nudging the members of the Athena KAM team towards a more cooperative outlook!

I now turned the analysis to the outstanding question of the role of the key account manager in the establishment of cooperation or coordination as the styles of the KAM teams.

### ***12.5.5 The key account manager***

As I extracted themes from the transcripts concerning the KAM team members' opinions on the role of the key account manager it became evident that the team members have high expectations of their team manager and of the wider company organisation irrespective of their team's stance on cooperation / coordination. The key account manager is expected to control operations and to function not only as the link between the team members themselves but also between the team and the customer. The KAM team members look to the company itself to facilitate their participation in the teams through the provision of essential training.

The key account manager should control the team processes and functions by informing the team, motivating them, proposing new ideas to the team and pushing the team to progress. However, in all this she should not overshadow the collective team effort. The KAM team members need the manager to be a point of reference by backing up their actions and thus offering safety and security. Preferably the key account manager should offer freedom and trust to the team members. It is seen as helpful if the manager comes from a marketing oriented background but he is also expected to be able to deal with personnel issues that arise within the team.



I am confident that the data supports my view that these requirements, as espoused by the team members themselves, have been met within the Hera KAM team. However, I am left with some doubts as to whether the Athena team manager has succeeded in fulfilling the team members' wish list of attributes for a dream key account manager.

Nevertheless, there is evidence, wish lists aside, that in practice the managers of both teams have become to some extent leaders of self-constructed, traditional hierarchies.

Anastasia checks what we do and how we do it.

(Sales Administration Representative – Hera Team)

and

Pierre-Yves gives directions to the other members

(Engineering Representative – Athena Team)

This theme took on greater significance as I continued to review the data. It seems that, despite the nature of the information reported above when examining the idea of key account management, the teams, their way of working and the role of the individual members, quite contradictory themes are apparent in the data when looked at from the perspective of the key account manager.

Interestingly, the key account managers of both teams are seen by the team members as owning the policy of the group, they are expected to lead the design of strategy whilst the team members implement it. In both teams being studied, the manager is deemed to know more than anyone else in the team about the customer. Indeed, some team members say that the managers have too much responsibility but that the sharing of that responsibility is dependant on the individual member's personal commitment rather than on team structures and routines. Thus, in effect, whatever the noble views expressed earlier in this chapter, the key account manager seems to fulfill a crucial role in establishing the team's style and in some sense the team members abdicate from this responsibility.

It becomes apparent that the leader of the Athena team takes the role of the company's representative towards the customer and the leader of the internal working group – he controls the team members, he supervises them and he is the connection point between the company and the customer. In short he coordinates.

He cannot inform us on all his contacts, because there are too many, he deals with many issues.

(Financial Representative – Athena Team)

and



We have to inform him on where we stand, what we have achieved, this is our responsibility.

(Sales Administration Representative - Athena Team)

In contrast the Hera team manager appears to have consciously chosen cooperation as the *leit motif* in her team's work and has achieved this through belief in the individual team members themselves.

She showed trust to us, her trust motivated us, we felt we just had to do a good job.

(Sales Administration Representative – Hera Team)

and

She asks for everyone's opinion on how we can manage the deal, with situations at the end she states her position; she does not impose herself on us.

(KAT – Hera Team)

I am left to consider to what extent these two different leadership styles are the result of the experience of the two managers involved. The expatriate Athena team manager is a well-traveled and knowledgeable manager with significant experience in the company. The Hera manager is very new to the company, comes from a humanities background and is to boot a woman in a man's world. As she herself puts it:

Before becoming an account manager I never entered the field of other departments now I have more experience even in technical issues.

(Key Account Manager – Hera Team)

I would conclude that the role of the key account manager is central to the whole KAM approach and that whilst there are several ways to be a successful key account manager, and I believe that both those being studied have been successful, it is quite possible for a poor key account manager to destroy the efforts of his team. Of course based on this work I am left in the position of being able to say more about the attributes of a successful key account manager than those of a poor one.

## 12.6 Key Success Factors for the KAM teams

I have drawn out in this chapter some of the major themes from the data which address the background to the way in which the KAM teams worked. I have explored something of the before and after effect and have looked at the way in which the two teams went about their work and at the role of the individual and the key account manager within the teams. If the data and analysis from my first and second cycles of research do indeed demonstrate some tangible change of attitude at the customer level, then it remains to say something of how I believe the KAM teams may have influenced this occurrence.



First of all I think that the task that the KAM teams were asked to undertake should not be underestimated. Despite the best efforts of the KAM teams, the job was certainly up hill and the frustrations of the team sometimes showed through the data!

They are not very open, even though they are positive, they are people who want to work with us and they value us and yet at the same time it's quite difficult to really get to sit down with them, even if we make ourselves available any time, night or day, to actually get inside the customer's mind to see what they really want from us.

(Financial Representative – Athena Team)

This comment and others like from the members of the Athena team confirm that it takes two to tango.

Against this complex background I believe that the way in which the teams established clear 'rules of engagement' was a crucial success factor. The consequent emergence of a team ethos, particularly in the Hera KAM team but also within the Athena group, is a striking theme in the data. I am certain that this cohesiveness is based on the independence that the KAM teams were granted.

However, although both teams had a recognisable and different 'atmosphere', each encouraged active cooperation (or coordination!) across functional boundaries and was able to focus that effort on the needs of the customer. A significant benefit of the approach seems to be that it encourages learning as well as the flow of information and the sharing of knowledge and expertise throughout the organisation. Further, the flatter organisation structure seems to result in speedier and more effective decision-making through the empowerment of KAM team members and by bringing management closer to the customer. I am conscious of the important role played by the key account manager in facilitating these effects but am impressed by the way non-managers felt themselves to be empowered and valued by the organisation whatever the management style of the team.

The teams had both closely identified themselves with the task at hand and with the customer for whom they were responsible. They were both prepared to make, and expected management to make, a long-term commitment to the key account management approach. The fulfillment of the action plan was seen as an objective but the chosen route to its achievement was a jealously guarded privilege reserved for the team itself with surprisingly significant input from the key account manager. Key account management seems to have resulted in an improvement in motivation and the associated feeling of responsibility appears to encourage people to perform above themselves.



I remain impressed about the way in which both of the KAM teams straddle the paradox of simultaneously managing strategic issues and every day business despite the required stretch philosophy involved. However, I have come to accept that ideally each KAM team would have one dedicated person from each function doing nothing but servicing the team. As a result of resource limitations there has in practice been some degree of cross team membership that has certainly complicated the work of the KAM teams. These difficulties are recognized by the members:

This is somewhat confusing as a structure, the same person can have different roles and hierarchies according to the team, one may be manager in one team and a member in another.

(KAT – Athena Team)

but I believe accepted:

It is a luxury to have one person dedicated to each of our clients, because we have many clients.

(Key Account Manager – Hera Team)

Nevertheless, based on the comments of our customers' managers in the second round interviews I believe that our organisational remoteness and rigidity is still perceived to exist. Interestingly, this may to some extent be the result of our local company being seen as immovably stuck between our external corporate organisation and the local customers rather than being attributable to the shortcomings of our own local work routines.

We depend on our International HQ, which has a strict policy and mentality with many rules and this slows us down. We have complaints from the part of our customers because we weren't fast enough.

(Key Account Manager – Hera Team)

Whilst the KAM approach has clearly not resolved the underlying problems of the conceptual distance between the local organisation and the remote corporate head office, I think it fair to conclude that the KAM team members perceive the new organisation as providing a better means of handling operational issues. If this is so then the key account management approach has probably averted certain disaster with the customers and has bought us some time during which the causes of this incongruity between local and remote aspects of our company's activities will need to be addressed.

Overall, I must say that I feel part of a more vibrant team in which time is better spent and in which there is more healthy interaction between colleagues. We are now presenting a solid front to the customer based on a coherent, rather than random approach. As such key account management would seem to offer potential for further development in the company.



## 12.7 Concluding remarks

In this chapter I have shown that the key account management process, see Spencer (ibid. 1999), exists today in my company and I have identified some key success factors for the approach. I have also demonstrated my awareness of the weak points in the process as it currently stands. I believe that based on these insights a continuing programme of action aimed at reinforcing all four KAM teams, and indeed for establishing new ones, can be created.

I would like to conclude this chapter by touching on the issue of customer reaction to the key account management approach. I can comment on this based upon the data collected for this chapter, which it will be recalled includes two observation sessions at customer meetings. However, it is probably also legitimate to call on my overall impressions at the end of the three cycles of research.

I feel that the customers begin to believe that we are trying to work more efficiently. This belief in our improved efficiency stems from the additional thrust that we as a company benefit from as a result of the KAM team members presence at the customers' site. When there, they represent our company at all levels of the customers' operation. This simply did not happen before.

I now know who to talk to, before we were not acquainted; now there is a relationship with them.

(Financial Representative – Athena Team)

This ubiquitous presence no doubt reinforces the customers' sense of safety but, in addition, the Athena managers are also in some sense flattered that we have deployed expatriates in their cause:

One point is that they feel significant because we brought in someone from abroad especially for them.

(KAT – Athena Team)

In conclusion, the Sales Administration Representative of Hera team puts it most succinctly:

They did not want to work with us closely before the teams, they used to keep us at a distance, now they trust the team more than each one of us separately.

Today the customers get to work with a coherent provider of our company's goods and services. They know who to deal with, what to expect and generally they begin to feel safer in their dealings with us, a state of affairs that would seem to support the process and long term relationship view of business-to-business interactions that is central to



much of the literature discussed in the early stages of the development of this work. However, whilst that particular literature does not seem to offer much in the way of a practical implementation perspective, I would argue that recent developments in texts dealing with key account management, when taken together with the Schumpeterian ethos of '*creative destruction*' that is so important to me, provide both a solid theoretical foundation and a practical platform for future organisational development in my company. The next chapter will explore the implications of this observation.



## Chapter 13 - DISCUSSION

### 13.1 Introduction

Having completed the research and analysis that has been reported on in the text so far and reflecting on the issues raised by my work, my thoughts turned to an integration of the whole. In their discussion of the purpose of research, Philips and Pugh's (2000) explain to the research student that

You are not doing some research for its own sake; you are doing it in order to demonstrate that you are a fully professional researcher, with a good grasp of what is happening in your field and capable of evaluating the impact of new contributions to it – your own as well as others'. (p. 62)

But what is the substance of the work of this hypothetical '*fully professional researcher*', what has actually been achieved? Silverman (1997) suggests two criteria for evaluating any research:

namely, have the researchers demonstrated successfully why we should believe them? And does the research problem tackled have theoretical and/or practical significance?  
(p. 25)

Silverman sets the bar high – for truth in the non-positivistic paradigm adopted for this research is a subjective matter. So what are the accepted criteria of 'belief' in the context of the type of research that I have undertaken?

The criterion of validity in the methodological explorations of ethnography are, according to Hammersley (1992) and quoted in Denzin and Lincoln (1994 p. 487) that

an account is valid or true if it represents accurately those features of the phenomenon that it is meant to describe, explain or theorize.

Perhaps less circuitous is Geertz's (1973) view that validity is the result of skilful analysis that brings about an understanding of a

multiplicity of complex conceptual structures, many of them superimposed or knotted into one another. (p. 10)

Whilst both these explorations of validity emanate from ethnography, Geertz's definition resonates with the intricacy of the issues raised by this work.

Whilst considering these various ideas on the purpose and validity of research, and in trying to understand them, I dared reach for a metaphor based on the traditional children's game of rounders. In starting out on the doctoral process I had hit the ball and the attainment of each successive base constituted a separate yet distinct and essential step towards the ultimate aim of reaching 'home'. The run towards each base stood for each of the three cycles of research contained in this work and I was now on third base



with 'home' in sight. The task at hand was to make the final run that would integrate all the previous effort into a meaningful whole and put a score on the board whilst not relegating any cycle to the status of '*research for its own sake*'. The one question remaining was how hard had I struck the ball in the first place? Would the content of the three cycles be strong enough to put the ball beyond the grasp of the outfielders (my peers) waiting to catch it?

I concluded that the key to the metaphor, and hence to achieving the standard against my work would be judged, lay in demonstrating the reasonableness of my claims for this research and in bringing an element of integration to the whole work. My approach to this task in this chapter will be firstly to state the claims that I would make for the research and then to distinguish the main frameworks arising from the three cycles of research. These will then in turn be examined in anticipation of validating the main claims for the work and of demonstrating why the work as a totality is '*believable*'.

I hope that through the progressive line of reasoning that emerges from this discussion I will be able to demonstrate not only the authority, on both the levels of researcher and practitioner, of the work described in this thesis but also to show my grasp of the wider field of ideas within which my work has been set.

### **13.2 Claims for the research**

I believe that from my work there emerge five, in my view sustainable, claims for this research that I list below:

- 1) That it is a rare piece of pragmatic research on Customer Relationship Management in a business-to-business context and that as such it adds to knowledge in this area.
- 2) That it has contributed to the reinforcement of the Service-Profit Chain model as an integrating theory within the business-to-business field, which is not its usual context.
- 3) That it has, from first principles, developed a rationalization of the KAM approach to Customer Relationship Management in a business-to-business context, which contributes to the building of KAM theory.
- 4) That it is an example of a practical application of KAM.
- 5) That it outlines a transferable process, based on the paradigm of Action Inquiry, for the assessment of a company's standing with its customers in a business-to-business environment and for planning appropriate interventions with a view to influencing that standing on a cyclical basis.



At first glance these claims fall into two groups, the theoretical claims 2 and 3 and the practical claims 1, 4 and 5, and it is perhaps worth exploring their implications before proceeding with a wider discussion of the work in later sections of this chapter.

It will be recalled that my work began with a review of the broad field of customer satisfaction and that I identified a very clear gap in the literature relating to an absence of pragmatic research into customer relationships and their management. My first claim for this work is that it addresses this very gap and so provides some insight into the practical processes of customer management. By recounting the story of the development of such a process, albeit one specific to the business-to-business milieu that I occupy, I believe that on a practical level my work demonstrates that customer relationships can be managed whilst I also illuminating some of the areas of difficulty encountered in practice.

On the level of theory my work addresses the identified gap in literature by taking up Fournier et al's (ibid. 1998) suggestion to '*get out into the field*' (p. 50). Since I have returned from Schön's (ibid. 1995) '*Swampy Lowland*' with my shield rather than on it, I have not only embraced as espoused theory the ideas of the American pragmatic school of philosophy that I discussed in Chapter 3 but have successfully translated them to living theory. As a consequence I feel that I have contributed to a demonstration of the validity of management research as a tributary to the stream to knowledge generally and perhaps even have made my own, minute, contribution (see Section 3.3 above) to ensuring that the subject will not go the way of Greek pseudo science.

My second claim for the research, that it has reinforced the SPC as an integrating theory, emanates from the way I have come to see the SPC in the context of other models pertaining to the customer management field. I expect the discussion that follows in a later section of this chapter to cement this claim. However, a possible consequence of my contention is that by avoiding a specific attempt to 'measure' customer satisfaction and by seeing the benchmarking process that I have developed as an indicator of progress rather than as an absolute scale, my work may contribute to a reconsideration of positivist approaches to the assessment not only of customer satisfaction but also to other elements of the SPC such as employee satisfaction and customer loyalty. Indeed, if the ultimate purpose of following the precepts of the SPC is to maximise profits then an absolute score in any of its elements is meaningless. It is the process that the model represents that is important.

I believe that this research has also demonstrated a way in which the SPC may be used to amalgamate various ideas and to bring them to bear on a management problem. By taking a holistic view of both the model's content and provenance I have demonstrated



that the SPC is transposable to an environment different from its origins where it can be usefully used as a framework for the exploration and application of other models. This approach gives rise to my third and fourth claims for the research relating to the theoretical background to, and practical use of, a KAM system in my research.

Whilst it is easy in retrospect to say that the situation I described in Chapter 1 was a KAM project waiting to happen, I would contend that the research process upon which the final decision to implement a KAM system was founded ensured that the *i*'s were dotted and the *t*'s crossed before going ahead with a major project of organisational change. Most importantly the KAM system became anchored in a cycle of organisational learning through the assiduous use of an Action Inquiry strategy that ensured that all stakeholders were involved by the time the system was launched. Indeed, this cyclical view of the research is essential and provides a perhaps novel view of the SPC as an iterative model rather than as a linear one.

Embedded in the fourth and fifth claims for my research are the responses to all the research questions posed in Chapter 4. As I review those questions from the perspective of time, it is clear that all five are the '*Cries de Coeur*' of the practitioner. They read as '*Where am I? Who matters in this game except for me? What do they want from me? What should I do to please them?*' This research has painstakingly taken each of these very valid questions and provided well thought out answers to each in succession.

In my response to Research Question (A) I demonstrate in the first Appendix to this thesis a strong case that shows that in a worldwide context my company has traditionally espoused a '*strategy as stretch*' view of business policy. I allude to the dissonance I perceive between current management practice at a corporate level and this history. Subsequently in my research I chose to continue the more radical tradition of my company in my local situation for reasons outlined in Chapter 9. The Research Questions (B) and (C) are based on rational consideration of my position as a practitioner and my response to both questions yields a method that may be generalised outside my research context for selecting customers and probing what they value in a business-to-business relationship.

The process inherent in my fifth claim for the research is of course central to the work and addresses Research Questions (D) and (E). The process that emerges from my consideration of these questions encapsulates the pragmatism that has guided me throughout the work. It is not a complex process but one that for me as a practitioner has certainly brought about positive results. I consider it to be the strongest of the five



claims and would be pleased to see other practitioner-researchers refine and make use of it in their own environments.

### **13.3 The organisational fabric – Jacob's Coat or the Emperor's New Clothes?**

Perhaps a good starting point for a wider discussion of my research might be an attempted reconciliation of the tension that exists between the ideas of CRM and those of KAM and which is evident in their respective literatures. Whilst Wong (1998) writes in the context of a perceived connection between KAM and the relationship marketing literature and McDonald (2000) plainly sets out the close link, other contributors to the KAM literature make no reference to any aspect of relationship management: for example Kempners and van der Hart (*ibid.* 1999) and Pardo (*ibid.* 1999). These writers would appear either to take the bond for granted or to see KAM as a stand alone field of research. Of course, the processes of KAM clearly set out to address the practical concerns of business-to-business marketing and it does seem quite possible to do this without making any discernable link to the CRM domain. Indeed, in the paper cited above, McDonald goes on to point out that the specificity of KAM to the business-to-business environment renders much of the current content of CRM irrelevant to the field.

McDonald's observation is based on the strong weighting towards IT with a consumer driven focus, to the detriment of a business-to-business perspective, which dominates the contemporary CRM literature. The extent of the specialisation in this direction undertaken by CRM writers would seem to suggest that little progress has been made on arriving at a broad definition of the term CRM, a situation already remarked upon by Harker (*ibid.* 1999). Indeed, when a luminary in the field such as Gummesson (2002) is driven to express his view that the seminal developments over the past decades in business-to-business marketing have not been accepted into the main stream of marketing knowledge and that as a result marketing management has, to the exclusion of the B2B context, become stereotyped on a derelict foundation of consumer goods mass marketing, it is perhaps not unreasonable to take the view that CRM has still not gelled as a paradigm capable of bringing about an integration of ideas in the field of marketing generally.

Does this matter? For marketing as a discipline the answer is most certainly 'yes', but in the context of this work I see no reason to disavow the link between CRM and KAM that has been documented during this research and which will be discussed below. Indeed, I feel that in this research I have gone beyond the inadequacy of simply ignoring the contribution of each to the other and have dealt with the frequently ignored black box that is the process by which both CRM and KAM may become part of the organisational fabric of a business-to-business environment.



I would conceptualise this fabric as having for its warp the processes of CRM whilst the various KAM processes provide its weft. The SPC may be seen as the shuttle, which brings about the interlacing of the threads. What is still to be found is a loom upon which the weaver may ply his trade.

In a little remarked contribution to the literature of strategy, Drucker (1994) outlines his idea of a 'Theory of Business' that helps marshal the parameters and principal practices of any organisation. Drucker clearly believes that such a Theory is more than just a restatement of the firm's current strategy or business model. Indeed, the idea would seem to abut the second and third steps of Lewin's (ibid. 1951) three-stage change model (to which I have already referred in Chapter 8) and which, from the moment of 'unfreezing', outlines a process of 'change' and 'refreezing' of an organisation's strategic vision.

In this view, the 'Theory of Business' model provides an overarching structure; a loom that at a time of change connects seemingly unrelated activities within the firm into more coherent sequences. It also requires that all members of the organisation recognise these patterns through their involvement in the strategic vision of the firm that the evolving Theory of Business gives rise to. In essence the Theory integrates the sum of the firm's assumptions about its environment, mission and core competence as well as providing a unique perspective onto the firm's affairs.

Within the context of this work I would contend that the processes I have described follow the change route mapped by Lewin and end in a quite new Theory of Business for my local organisation based on the links in the SPC. The story of this research began with my discomfort at my local organisation's standing with its customers and this led to the 'unfreezing' of our strategic vision at the moment of the commencement of this work. This thesis has also described my local organisation's environment and has gone on to articulate the process of 'change' that has, as I have already pointed out, involved the decision to build the theoretical foundation for the work on the SPC model and the development of a cyclical process for assessing the company's standing with its customers. It is perhaps not to exaggerate to say that the outcome of these steps in this research has been a different understanding of my local organisation's mission.

The link of my work with the Drucker's model is also evident in my reflections on the appropriate strategic approach with which to pursue the emergent Theory of Business of the company and the implications of that choice on the core competences required of the management team when implementing interventions in our customer relationships. Conclusions were drawn from this reflection that led to the application of a KAM approach to the management of customer relationships before once again assessing my



company's standing with its customers. At the end of this series of processes I would take the view that my organisation has gone through a lot before coming to a point where it can now consider 'refreezing' its Theory of Business along quite different lines.

It is interesting to note that in the 'Theory of Business' idea, Drucker urges firms to embrace the discipline of constantly testing their unique model for continuing relevance. This implies that firms should attempt to formulate their Theory and, even after 'refreezing', the stated Theory should be flexible enough to be modified as required in the light of external and internal change.

That this approach is closely related to the Action Inquiry paradigm that has guided this research is clear, but what seems to differentiate it from Action Inquiry is that the Theory of Business model encourages a wider perspective on the practical activities of the firm whilst Action Inquiry aims for a focus on a well defined research problem. In spite of this inherent difference in perspective, the common thread that for me links the Theory of Business model and the Action Inquiry paradigm in this work is the requisite reflection and iteration of the originally stated problem in theory and in practice that both require.

My interpretation of an emergent Theory of Business for my company as a loom upon which the shuttle, represented by the SPC, weaves the processes that guide the practice of managers whose goal is to implement a KAM approach within a business-to-business CRM model has brought out, for me at least, the richness of Geertz's 'complex conceptual structures' within the organisational fabric where they are indeed 'knotted into one another'.

### **13.4 The emerging frameworks and their validation**

Within the Theory of Business structure the three theoretical frameworks that feature in this research are:

- 1) Framework 1 – The Customer Relationship Management Problem
- 2) Framework 2 – The Service-Profit Chain Foundation
- 3) Framework 3 – The Key Account Management Response

I will now move on to a discussion of each of these frameworks with a view to exploring how they inter-relate in the model drawn above. I expect the discussion to substantiate the claims made for this research and to demonstrate the validity of the whole.



### **13.4.1 Framework 1 – The Customer Relationship Management**

#### **Problem**

In the introduction to this thesis, indeed in its first paragraph, I indicated that as I undertook the 'new job' situation I found that

many customers were less inclined to view my company in as good a light as previously nor to endow it with the same level of confidence as once they did.

My instinct was to explore the 'customer satisfaction' avenue and this I did in the literature review of Chapter 2. The work of that chapter quickly lead me to a realisation that whilst customer satisfaction within an SPC framework was a useful foundation for the research as whole, the wider issue that I faced was one of relationship building and management with my customer base. I went on to identify three aspects of relationship management as being vital to the successful resolution of a CRM problem. These were the time scale over which the relationship is perceived, the achievement of shared goals between the customer and the supplier and the maintenance of an equitable balance of power in the relationship.

As my research progressed along its planned route of iterative cycles within an Action Inquiry paradigm so the long-term commitment of my company to CRM became evident both to my co-researchers and to the customers who participated in the research. This was an almost intangible effect but one that I felt through the increasing enthusiasm of customers' managers in the various contact sessions that occurred as part of the work in progress and which are mentioned at various points in this thesis. I feel that the same enthusiasm is revealed among employees in the internally oriented Chapter 12, which examined the viability of our organisational response to the CRM problem.

Enthusiasm lead to concrete results as managers in both my organisation and in those of the customers' began to share common goals, at least in the case of three out of the four participating companies. In Section 8.6 I report on the verification of action plans and demonstrate high Spearman's rank correlation coefficients between my managers and those in all participating companies other than Aphrodite.

In Section 9.2.2 I recognise the weakness of the current innovation practice in my company and whilst I have implemented a 'quick fix' during this research by innovating the process through which customer relations are managed, I also make plain my intention to involve the customers in the 'object based' type of innovation that they seek. I would offer this as an example of one attempt to redress the power balance in all the bilateral relationships that I have worked with.

It became clear over time that all these different activities and their effects were increasing the degree of collaboration between our various organisations. As in so



many areas of academic study, the vernacular meaning of a word is broadened by scholars and so it is in this case. I have come to recognise that the concept of 'collaboration' would seem to offer a fruitful avenue for future exploration of any outstanding aspects the CRM problem. For example, work by Wagner et al. (2002) takes a 'partnering perspective' on a TQM approach to improving supply chain relations. Quality, it will be recalled, is an indispensable aspect of interventions into the SPC. Similarly, value creation is the second key element of such interventions and Horvath (2001) sees 'collaboration' as the means of ensuring that it occurs in supply chain management. At this concluding stage of the research I would certainly have no hesitation in adding the ideas of the 'collaboration' literature to the three aspects of relationship management that I identified in my literature review.

In the context of the Theory of Business model that I introduced in Section 4 above, and in my subsequent use of the term 'CRM Problem', I would argue that the four aspects of CRM that have guided my work are consistent with Drucker's use of the term 'mission'. In the professional situation in which I found myself at the beginning of this work, I considered the 'mission' at hand to be the building and maintenance of inter-company relationships with the customer base. Each of the four working aspects of CRM contributed to my own appreciation of what had to be achieved with the customers and fit easily with an evolving concept of long term 'mission' that seems to be consistent with Drucker's usage of the term. In this section I have attempted to highlight some of the practical links made during this research with the four aspects of CRM theory, that I regard as its quintessential underlying characteristics, and would conclude that in some sense the story of this research has been that of the mission to manage customer relationships.

It is against this background that I make my claim that this research would seem to represent a rare piece of pragmatic research in to Customer Relationship Management that addresses the gap in the literature identified in Section 2.6 where I observed that there is *'an apparent dearth in the literature of pragmatic research into customer relationships and their management'*.

### **13.4.2 Framework 2 – The Service-Profit Chain Foundation**

The review of the customer satisfaction literature presented in Chapter 2 unbundles the ideas (including internal and external quality and value, employee satisfaction, customer satisfaction, customer loyalty and finally profitability) that were progressively linked by successive research until the integrated theory of the Service-Profit Chain emerged in the work of Heskett et al. (ibid. 1994). My examination of the SPC material in that chapter set the context for the subsequent research and guided much of my early



thinking on the structure of my work. The reflective approach that I have taken to my research has lead me to see the SPC as a continuous performance improvement model rather than as a hierarchical or predictive one and it is with this in mind that it is perhaps now legitimate and necessary to consider the significance of this research in the framework of the theory of the SPC and how this might blend with the perspective on the whole subsequently provided by the Theory of Business model.

It will be recalled that my initial thinking had focused on customer satisfaction and indeed it was this idea that lead me to study the SPC in some detail. As my research developed I specifically addressed the customer satisfaction link of the chain and because of this concentration on just one element of the chain I am not able to detect, nor to claim to have brought about, movement through its various constituent parts. However, in so far as this work can be seen as a study in customer satisfaction, it explores the means of bringing about improved External Service Value through interventions at various points in the SPC and I will discuss the implications of this below.

One further aspect of this work must also be considered at this point. In embracing the SPC as a conceptual model I consciously transposed it from its service industry roots to a business-to-business environment. In Section 2.3 I argued for this approach this based on examples of the model's application in manufacturing industry and Gummesson (1998) further weakens the case for treating the SPC as uniquely applicable to service industries when he points out that

...there are no 'pure' service companies nor any 'pure' goods companies. Goods and services always appear in a symbiotic relationship: all providers combine momentary activities (services) with things (goods). (p. 6)

I would hope to demonstrate in the discussion of this section that there is no significant theoretical dissonance in using the SPC in a business-to-business environment.

#### 13.4.2.1 Improving External Service Value

Turning then firstly to the issue of improvements in External Service Value, I explain in Chapter 2 how the SPC assimilates the principles of quality and value creation and how improvements in quality and value are the means by which customers are 'propelled' along the chain. It is therefore interesting that the notions of product quality and value seem particularly well represented in the seventeen constructs identified at the outset of this research (see Table 6.4) as encapsulating what is important to the customers in our business relationship. Indeed, in my judgment, only the Knowledge of Business, Strategic Alignment and Rate of Innovation constructs, because of their strategic focus, do not necessarily accommodate a quality or value perspective.



The interventions formulated through the action plans of Chapter 8, were specifically designed to address weaknesses identified in the initial benchmarking round of interviews carried out at the end of the first cycle of research. Their connection to the seventeen constructs is therefore well documented. It would seem fair then to conclude that in great measure the interventions were designed to deal with the very quality and value issues that not only are inherent in the majority of constructs identified in this research but which also underpin the SPC. There remains but a small step to recognise the congruence between the intervention strategies proposed in the SPC model and those pursued in this research.

This conclusion would seem not only to confirm the position of the SPC at the heart of my work (a choice made explicit in the last paragraph of Section 2.8) but also guides the discussion to a consideration of the model's place in my company's emergent Theory of Business. If an earlier section of this chapter identified Customer Relationship Management as the mission of my organisation, then the purpose of that mission is to be found in the continuous performance improvement aspects of the SPC to which I have subscribed. The consistent delivery of quality and value by a supplier to its customers falls into the category of organisational core competence and Drucker makes clear his belief in the iterative nature of managing and improving such skills.

The absence of these particular core competences is quickly reflected in customer attitudes and it will be recalled that the Product Quality and Value for Money constructs elicited very poor opinions about my company from respondents in the benchmarking round of interviews of Cycle 1. Perhaps significantly they were also both among the first four constructs in terms of their importance to the respondents. These of course were the root issues that my research went on to address.

I would argue that the emergence of the more general idea of Customer Service as the construct with the loudest response in the second round interviews is illustrative of how the SPC model accommodates an evolutionary relationship between its several constituent concepts over time. This shift of the customers' interest from quality and value components to a more abstract view of the Service-Profit Chain, unprompted other than through a programme of well planned and executed interventions into the SPC, perhaps confirms the integrating role that the model may play in a company's Theory of Business.

This research has focused on the evaluation of the application of organisational core competence at just one link in the Service-Profit Chain but has, I feel, successfully demonstrated how the theory of the SPC integrates internal and external quality and



value based activities into an overall view of continuous performance improvement that may or may not be hierarchical and predictive in nature.

#### ***13.4.2.2 The SPC in a business-to-business environment***

If the discussion above serves to substantiate the significance of my research as reinforcement of the integrative theoretical nature of the SPC model, then the practical significance of the work certainly lay in the application of the model in a business-to-business environment.

It will be recalled that in Chapter 2 the work of Parasuraman et al. (ibid. 1988) and Robinson (ibid. 1997) was cited in support of the view that quality and value are important elements in managing a Service-Profit Chain. In the previous discussion I have attempted to demonstrate how this research has built on the perception of both notions as essential aspects of the SPC. Perhaps encouraged by Cooper and Jackson (1988) who go as far as to suggest that the characteristics of consumer services companies would seem to transfer readily to the industrial services sector without modification, other researchers, notably Pitt et al (1996) and Young and Varble (1997), report successful use of Parasuraman's SERVQUAL scale in industrial business-to-business settings.

I have not taken such a rigid approach to the question of the cross contextual applicability of the model but rather have developed Wilson's (ibid. 2000) notable theoretical basis for working with models developed in consumer oriented environments in business oriented ones. The test for me has been the, I believe not unreasonable, one of suitability – does the model do all that is expected of it?

My response to this question is undoubtedly yes. Since I have found it quite compatible with my initial fundamental research stance I have been able to build my work on the tenets of the SPC. In these final stages of the work, as I find its outcomes also correspond with the model, I have been encouraged to integrate it into the Theory of Business of my company. Indeed, in the next section I will show how observance of the principles of the SPC fits quite harmoniously with the ideas of Key Account Management, which are in turn quite deliberately focused on business-to-business environments.

#### ***13.4.3 Framework 3 – The Key Account Management Response***

In Chapter 9 I concluded that the specific nature of the problems to be addressed by the action plans required the implementation of an organisational development that could



encompass all of the theoretical prerequisites concerning my own preferences as a practitioner on strategy, innovation and entrepreneurship. The KAM model fit these requirements perfectly and so became the 'delivery vehicle' for the improvements in quality and value proposed by the SPC model. As quality and value are the essential core competences inherent in the SPC so, as the research proceeded, the KAM model also revealed some of what I would now term its own required core competences. Before going on to discuss these, which I see rather as issues of substantiating the claims for this research, I will first deal with questions of validity concerning the whole research as many of these are best treated from the KAM perspective.

#### 13.4.3.1 Validation through a KAM perspective

I seem to have unwittingly begun the practical development of the Key Account Management Response in the work described in Chapter 5 in which I reported on the process of selecting customers who might participate in the research. The selection of the participating Key Accounts is commonly accepted to be an essential ingredient of a KAM process and Ojasalo (ibid. 2001) makes a good summary of the literature supporting this type of activity as a first step in KAM. At the time that I designed the process described in Chapter 5 it represented for me a pragmatic way of narrowing down the field of prospective participants in the research and to some extent may be seen as a market segmentation routine. By combining objective factors, in this case my company's turnover at each prospective customer, together with a broad consultation among my fellow managers of subjective factors covering the nature of existing and likely future business with each customer, I would contend that the chosen procedure provided a reasonable way for me to select prospective participants.

The KAM literature on the selection of accounts was subsequently augmented by the contribution of Peppers and Rogers (ibid. 2001) who in a practical manner proposed the identification of the customer base, and differentiation within it, as the first of four steps towards what they term a '*customer development strategy*'. This text was published in 2001 and came into my hands well after the practical approach to this work outlined in this chapter was finalised. I came to see the Peppers and Roger's manuscript as welcome confirmation of the line I had taken, the practical significance of which is perhaps specific to other operating units in my company who might wish to replicate the methods of this work in their own business environments.

Having selected the customers to participate in this research, I continued preparations for my action-oriented interventions against self imposed standards of 'reasonableness'. This stance was next evident in the method I used in the distillation of the constructs to be employed during the research that is outlined in Chapter 6. The chapter describes



the elicitation of sixty-five potential constructs for use in the research and subsequent consultations with the managing directors of the five firms to emerge from the selection process described in Chapter 5 as potentially valuable participants. The object of these consultations was to arrive at a less unwieldy number of constructs that would nevertheless be relevant to these senior managers. I would contend that the internal consultations described in Chapter 5 and the external ones illustrated in Chapter 6 provide evidence of the validation of the information contained in these chapters through constant comparison of data - a technique that is also apparent at other points in the research.

I feel that there are parallels between the work outlined in Chapter 6 and what Peppers and Roger's identify as the third of the required four steps leading to their '*customer development strategy*', this being the initiation of '*interaction with the customer*'. Using the same process of induction applied in the reflections on Chapter 5 above, this congruence would seem to further validate the procedures described in Chapter 6.

I have already mentioned the specific and generalizable practical significance of Chapters 5 and 6 and would propose that the work described in Chapters 7, 8 and 11 shares many of the same practical characteristics. Indeed, the process described in these chapters and made up of customer selection, construct elicitation, benchmarking company status against immediate competitors using RGT followed by benchmarking in the wider competitive environment through open ended interview and the reflective planning of ameliorating interventions, seems to present an integrated and cyclical model that may, with minor modifications, be applied in other business-to-business contexts. In so far as my peers accept the validation arguments for each component piece of the model, the emergence of such a technique may be the most practically significant outcome of this research.

At the conclusion of the first Appendix to this thesis, in Section 2, I make the sombre observation that whilst I did not see myself as being able to influence the company's wider approach to strategy in prevailing circumstances, it was nevertheless my role to manage the local situation as best I could. I have of course in earlier chapters on methodology and method I made clear my belief that I could do better than the existing strategic paradigm of my local company through the application of an Action Inquiry approach. The adoption of this research paradigm ultimately lead my thinking in the direction described in Chapter 9 and to my adoption of a '*strategy as stretch*' approach to the remainder of the research.

I based the theoretical reflections of Chapter 9 (which outlines my deliberations on how to go about implementing the interventions planned in the work described in Chapter 8)



on the evident thirst for 'innovation' reported by the participating customers' managers in the benchmarking round of interviews. I went on to explore from first principles the links between the contemporary paradigms of theoretical strategy and innovation as defined by the OED and as discussed in the literatures of classical economics and of both academic and popular management writers. I hope that the discussion conveys the nature of the reflective process that I have followed throughout this work.

The significance of my work in Chapter 9 is, I believe, to be found in the theoretical case it makes for the use of KAM as an innovative and strategic response to customer requirements. I feel that the chapter develops a rationalisation of the KAM approach to CRM in a business-to-business context that contributes to the building of KAM theory.

Of course, the purely theoretical reflection of Chapter 9 had practical implications for my work since, based on conclusions drawn from it, I chose to structure the implementation of the second cycle interventions around a KAM approach. Chapter 10 presents data based on the contents of my research diaries that highlights some salient features of the KAM implementation story in my local organisation. Again, I would apply Geertz's and Hammersley's ethnographic definitions of validity and reliability to each section of this chapter in order to establish the soundness of the whole. I would make no claim as to the practical or theoretical significance of the vignettes presented in this chapter, as they are clearly specific to this research.

Judging by the outcome of the second round of interviews, discussed in Chapter 11, the use of a KAM approach seems to have been well received by the customers. The analysis of Key Account Management team members' views on the model and its local application, presented in the largely reflective Chapter 12, facilitates a comparison with the stance of the external participants in the research on KAM. The apparent enthusiasm on the part of both groups for the model serves to confirm my opinion of its success both inside and outside the organisation. I am encouraged in the view that the research provides an example of the use of a Key Account Management response in the resolution of a Customer Relationship Management problem that provides a solid foundation for future organisation development in my local company.

#### 13.4.3.2 The core competencies of KAM

Woodburn (2002) makes the telling point that:

Perhaps it is time for CRM practitioners to look back at the basics, push the technology to one side and consider the true nature of relationships with customers. (...) Whilst CRM has been developing around software, KAM has been developing around its customers. (p. 19)



Indeed, the human element has, I think, been central to my research from the outset and my approach has followed the long standing argument made by Christopher et al. (1991), and cited by McDonald et al. (1997b), that strategic intent and shared internal values are part of the product or service offered and thus are as important, if not more so, than the efficiency of the delivery channels with which much of the current CRM literature seems fascinated. The insight that I feel this work offers is that the KAM model itself may be viewed as a highly personal and human delivery vehicle through which the needs of the customer are satisfied.

The personal aspects of the CRM and KAM frameworks of the research became evident during the project as managers aimed to extend the organisation at its boundaries in response to customer demands and to perceived market opportunities. As they strove to bring about these developments so the CRM and KAM processes evolved. I have already discussed the aspects of CRM that became evident and would now turn to the core competences that emerged as being important for a successful KAM process. The most obvious of these was leadership.

The study of leadership has spawned a broad literature traditionally classified into trait, contingency and situational approaches but as the general understanding of leadership has evolved so has attention turned to the context within which leadership is provided. For example, Elgie (1995) suggests that the institutional structure within which leaders operate also has a bearing on the leadership delivered by the individual whilst Buchanan and Boddy (1992, p. 115) claim that *'the expertise of the change agent is contextual'* and that the change agent's skill is to manage the variables associated with the change itself, its context as well as its process – an observation with which, in the light of my experience during this research, I would agree.

This emerging emphasis on the context (e.g. business environment, institutional structure, market situation, customer demands etc.) and process (e.g. the connections and relationships between people and activities) of leadership, inevitably leads to a consideration of the lead as well as of the leaders. For as Wheatley (1999) points out:

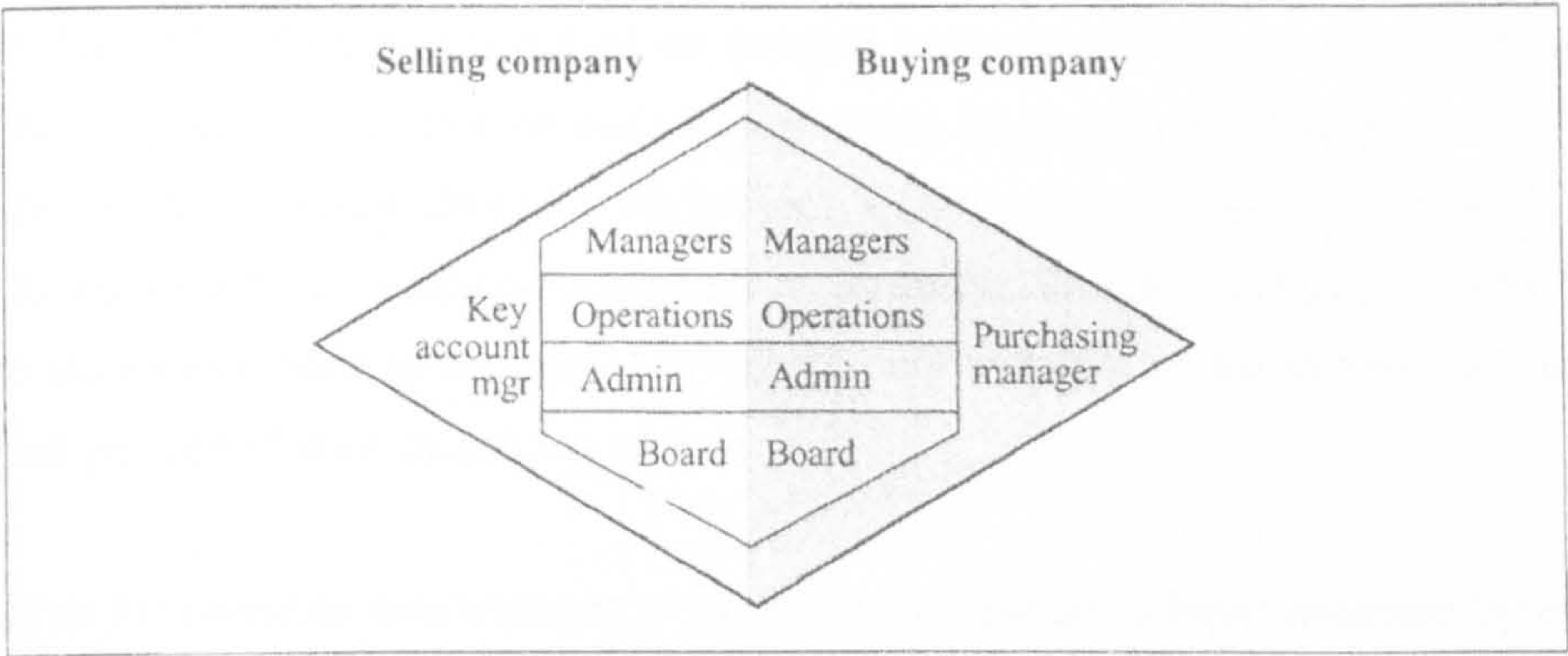
For many years, the prevailing maxim of management stated: 'Management is getting work done through others'. The important thing was the work; the 'others' were distractions that needed to be managed into conformity and predictability. But now most of us have had to acknowledge that we are human... (p. 164)

Wheatley implies that attention to people and to their relationships is essential, if the manager's work is to successfully provide the kind of leadership that results in effective collaboration between colleagues within the firm as well as between the firm itself and its customer organisations.



The literature covering managerial work today constitutes a broad field but in the context of process oriented organisations, Mintzberg (1994b) believes that managers undertake the cerebral activity of conceiving and scheduling work rather than becoming involved in the more tangible role of getting things done. For Garvin (1998) the management of a process oriented organisation is also less about the actual doing and more about shaping, prodding, directing and orchestrating activity. If one is influenced by these opinions and takes a similar view on the work of the manager in a process-oriented organisation then it is easy to see how for modern management writers the concepts of management, leadership and collaboration overlap and are frequently used interchangeably.

For a practitioner who has first hand knowledge of an established KAM system it is clear that if it is to be successful it requires a consciously undertaken process orientation within the company. However, in addition to a process orientation the success of the model in practice depends on a cross functional approach. Woodburn (ibid. 2002, p. 24) sees this as a set of 'interdependent relationships' and represents them as follows:



I believe that the principles that underpin this diagram are evident in the KAM system that I have applied in my company and described in Chapters 9, 10 and 12 of this thesis. My decision to examine the KAM team members' view on the whole KAM process itself, reported on in Chapter 12, was founded on the Christopherian argument as well as on my view that, in order to fully appreciate the extent of the change that came about in my company as a result of the research, it was necessary to examine the role of the manager and the actual work she contributes to the weaving of the organisational fabric discussed above. Crucially, the cross-functional approach that I feel was well illustrated in that chapter links to a still wider understanding of 'collaboration' than that which attaches to the word in a CRM context.

A further core competence in a successful KAM process appears to me to be the skilful and regular application of innovation. The outcome of the fieldwork reported in this thesis demonstrated how customers demand a regular flow of innovation and Chapter 9



demonstrated the thought process that lead to my selection of KAM as the delivery vehicle of continuous change. The KAM process that I eventually implemented in my company is designed to deliver 'non-object' based innovation (see Chapter 9) to the customers, and the results of the second round interviews would seem to indicate that so far it has succeeded. However, I have also recognised the need to collaborate with the customer base in the matter of 'object' based innovation around the NPD process if the long-term success of the KAM model is to be assured.

It is this link between leadership, cross functionality, innovation and a broadly understood definition of collaboration that accommodates both the ideas of CRM and KAM in the Theory of Business model that I have proposed, for when used in tandem both concepts guide the manager to a subtly different perspective on his practice.

### **13.5 An evaluation of shortcomings, gaps and future direction**

I hope that this discussion of the three frameworks that I have linked in the emergent Theory of Business model for my company has to some extent dispelled the underlying tension that I identified at the outset as existing between them. However, it is perhaps not surprising that given the evident impossibility of picking up every nuance of the literature, or taking every idea into the project, that towards the end of this work I have come to agree with an editorial published in Strategic Direction (2002) entitled '*CRM - easy to do wrong, hard to do right!*' Which of course begs an exploration of mistakes, gaps and possible future directions of research.

My search for possible weaknesses in the work has certainly been assisted by Rigby et al. (2002), who have recently counselled against the 'four perils of CRM'. I am confident that I have indeed avoided these potential problems, which these writers see as an over reliance on technology, a dearth of strategy and organisational change as well as an absence of customer partnership.

However, intrigued by Wheatley's (ibid. 1999) wider ideas on life and organisation's, I chose in the third cycle of this research to examine issues of collaboration between colleagues because I was drawn to the complex social nature of the performance improvement issues involved. However I am aware that the development of collaboration between my organisation and its customers would also have been a legitimate area of exploration at that stage. Had I chosen this route then I could have, for example, dedicated the third cycle to an exploration of customer loyalty, perhaps by reference to Reichheld's (2001) continuing programme of research, which has recently defined six '*Principles of Loyalty*' to guide managers through this portion of the SPC. However, my rejection of the SPC as a hierarchical and predictive model in the context of my work discouraged me from this approach.



Alternatively, I might have turned to an evaluation of the financial impact on my local organisation of the customer interventions and compared them to the predictions of Moutinho (1994) or Storbacka (ibid. 1994). I did not do this for a number of reasons among them being the support I found for my chosen direction in Moss-Kanter's (1994) view (albeit expressed in the context of long term alliances rather than 'simple' business-to-business trading relationships) that in any partnership the management of the relationship is just as important as that of the 'deal'. In rejecting this avenue I also took into account pragmatic considerations, for I was sure that in the business cycle of our industry any improvements to the financial performance of my company would not have filtered down to the bottom line within the time-frame of this research.

Although I feel that my decision to concentrate on the internal aspects of collaboration in the latter stages of my research are well founded, I am aware that my silence on the subjects of customer loyalty and profitability may be seen as lacunae in a work so closely associated with the SPC model.

During this research, the complexity of managing process-oriented organisations has been brought home to me as a practitioner. As I have reviewed my work for possible areas of weakness I have noted that, despite my tentative discussion of 'process' in Chapter 2, I failed at the outset to recognise the implications of the work of Kandampully and Duddy (ibid. 1999) on the significance of 'secondary relationships' in establishing and maintaining good overall customer contacts. All the evidence of this work, deriving from both the practice and theory of the models drafted into use and designed specifically for the research, resonates with their advocacy of '*holistic competency*' towards all stakeholders in the relationship and, had I picked this up earlier, I may have had an easier time in implementing the action plans derived in Chapter 8 and in managing the KAM process as a whole.

The idea of '*holistic competency*' towards all stakeholders also echoes the one nagging doubt that remains with me at the end of this work. - this relates to the issue of NPD management. My efforts to grapple with this subject were recorded in Chapter 9 and as a result of KAM implementation I feel that as a local organisation we have done much to address the immediate issue. However, the confines of the corporate NPD process will come to haunt us if in the future I do not succeed in involving the customers in NPD as I discussed in Sections 9.3 and 9.4 above. I have recognised Millman and Wilson's (ibid. 1999) list of conditions for successful Key Account Management in Section 9.6 and am aware that it is not a menu. Failure to involve the 'total' supply chain management, which includes the corporate centre, in our CRM and NPD process will jeopardise all the achievements to date.



### **13.6 A conclusion?**

For relaxation, whilst undertaking this research, I have at various times attempted to read Davies' (1997) masterful total history of Europe. It is a doorstop of a book, but my admiration for the author stems not just from the size of this volume (which I have yet to finish) but also from his earlier writing, which I have found more accessible! In his introduction to 'Europe' he discusses the very idea of what European history is or ought to be and concludes:

In the end, therefore, intellectual definitions raise more questions than they answer. It is the same with European history as with a camel. The practical approach is not to try and define it, but rather to describe it. (p. 46)

I am loath to attempt a Cartesian 'conclusion' to this work which in one sense remains unfinished since I continue in my, now not so new, 'new job'. My preference is to let the reader deduce what she can from my representation and explanation of reality, whilst I attempt a description of my own camel in the next, and final, chapter.



## **Chapter 14 – REFLECTIONS and RECOMMENDATIONS**

### **14.1 Introduction**

If this chapter is to add reflexive value to my work, then I recognise that what I write here must rise above the simple narrative story line of the preceding chapters and must add to the reader's understanding of my relationship with the data. Essentially, in reflecting on the process of research and practice described in this thesis I must take up a different position to that from which the work has been written and must attempt a further exploration of the data from this different perspective. Alvesson and Skoldberg (2000) put this idea perhaps more comprehensively when they discuss the meaning of reflection:

Reflection means thinking about the conditions for what one is doing, investigating the way in which the theoretical, cultural and political context of individual and intellectual involvement affects interaction with whatever is being researched. (p. 245)

In considering how to take up a different point of view onto my data, I have come to the view that such a position is readily identifiable in the structure of this work, since I have followed a cyclical approach to its development. In the text of this thesis, I have referred several times to this cyclical structure. However, each cycle is very clearly associated with a different stage of learning and development both within myself and among the other stakeholders in this research. In a sense then, this thesis tells a longitudinal story in that it reports on the research as a whole by linking the individual cycles consecutively into one body of work - but within and across each cycle there is perhaps also a story to be told.

In Chapter 3, and in response to Lincoln and Guba's '*epistemological question*', I subscribed to the ideas of the American and pragmatic view of epistemology. Healy and Perry (2000) would answer that question in the following way:

... ontology is the "reality" that researchers investigate, *epistemology is the relationship between that reality and the researcher*, and methodology is the technique used by the researcher to investigate that reality. (See HTML version, section 'Four scientific research paradigms', Paragraph 3 - my italics)

I am now aware that in Chapter 3 I was not yet able to offer a full answer to the Lincoln and Guba question since at the outset of my work I had not yet established a relationship between myself the reality being researched for the simple lack of data. The



story that the cycles of this research tell is therefore one of my developing epistemology – what I have already said that McNiff calls “becoming”. However, as I undertake the exploration of this perspective, I am very much aware that Davies (ibid. 1997) says of his European history:

This volume, therefore, is only one from an almost infinite number of histories of Europe that could be written. It is the view of one pair of eyes, filtered by one brain, and translated by one pen. (p. x)

With this caveat, I will in this chapter attempt to reflect on the three research cycles, to consider my emerging relationship with the expanding volume of data and to question some of the underlying assumptions that I made as the work progressed.

## **14.2 Reflections on Cycle 1**

In a sense, a substantial part of Cycle 1 (represented in the thesis by Chapters 1 to 7) was devoted to reflection as I defined the research context and the issues that surrounded it. One may wonder why, at this stage, did I believe that through a process of academic study linked to a desire to develop my practice of management, I could address a complex problem of customer and supplier relationships that had evolved over many years?

### **14.2.1 Reflections on my motives**

The response to such a question is multifaceted and is partly to be found in my own life goals as well as in a desire to ‘do well’ in a new job situation. Certainly, I had for many years wanted to complete a doctorate as a means of raising my qualifications for the dreaded and inevitable moment of early retirement from a multinational. My assumption was that I had the determination and could make the time available to complete a gruelling period of study in my late forties. As I write this chapter I must suppose that this was true but I will have to wait to see if there is a long-term payoff in terms of employability! Certainly what I did not foresee at the time of starting this undertaking was the way in which the academic and research side of the equation would change the way I view what I would today call my management practice.

Indeed, as I began to consider how to structure my research in Cycle 1, I did not consider what I did at work as ‘management practice’ at all. I would certainly have considered myself to be well read in the popular management literature and to have piloted a reasonably successful career, but the idea of management as a professional and reflexive process was not familiar to me. I am now concerned that this very static stance to my daily work was the result of an unquestioning attitude to the tasks assigned



to me by various employers over the years and I recognise that this has significant implications for me in the future. Will I be able to maintain my newly found inquiring perspective on work after this research is complete or my work context changes? These are certainly areas for personal reflection beyond the confines of this thesis.

However, I may legitimately write here about my reflections on my desire to *'do well'* in a new job situation. The rationale that drove the whole research process from its inception was my own need to make my local organisation successful or, in Peters and Waterman's (1982) terms, *'excellent'*. That this rationale was in turn driven by my own organisational ambitions and an expectation by my managers that I was the right man for the job is also not in doubt. But today I detect a dissonance between the wider situation in which I found myself and the approach to the research problem that I crafted in Cycle 1.

It will be recalled that from the very outset of my research I saw the research context as my 'new job' in the local organisation for which I was responsible. Whilst I have attempted in the first Appendix to this thesis to review the wider situation by examining both the corporate and business environment within which I was working, I never wavered from my perception of the research context as being exclusively local and personal. Indeed, to some extent I chose to swim against the corporate tide in so far as I identify in the first Appendix the historic preference for a *'strategy as stretch'* policy in my company worldwide and choose to follow this approach in my local company despite a clear move away from this attitude in the central organisation.

In Chapter 3 my overall intention to reach out towards a post-modern pragmatic epistemology that would be connected with the development of practice became evident. However, I am now concerned that although a post-modernist engagement with the local and personal context of the research may have been achieved, the absence of such an engagement in my wider work was probably due to the dissonance between my local strategic approach and that of the corporate organisation. I believe that to some extent this reduces the value of the personal and local progress that has been made as a result of this work as I shall explore in the next section.

#### **14.2.2 *"I am paid for results not for processes"***

The organisational form of the firm whose purpose is to maximise shareholder value is the essence of 'modernist' rationality in an industrialised society. There would seem to be an underlying tension between the pure form where the firm is run only for the benefit



of the shareholders and current management practice, which identifies other stakeholders. In structuring my research I find that I have been drawn towards defining an ever wider group of stakeholders in the work and that they have been brought together by the processes of not only the iterative model of Action Inquiry upon which my work is founded, but also in the interaction of the frameworks that I have attempted to weave together in the Theory of Business model outlined in the previous chapter. At the centre of this model was the SPC, which predicts increased profits that are consequent on the efficient implementation of these processes.

As post-modernist management thinkers address the interests of these other stakeholders so they place significant emphasis on the processes of organisation rather than just on the organisation and its goals. They are said to turn nouns into verbs in so far as they speak of 'organising' rather than of 'the organisation'. At the time of finishing off the thesis I was confident that what I would term 'process thinking', was a reasonable paradigm that was well accepted not only in my local organisation but also within a corporate context. Based on the academic literature and on my emerging experience, I had accepted both the process nature and predictions of the theoretical models I had applied to my work. However, the tension between the modern and post-modern approaches to management practice were rudely brought to my attention literally on the day before I sat down to write the first draft of this chapter.

Attending a meeting of a corporate sub-committee on which I serve, I was in conversation with the managing director of our German subsidiary. He is a very experienced manager, a PhD chemist by training and has a most forceful yet engaging personality. These qualities, in addition to the size of the German market, ensure that he is a corporate alpha male. It was he, not I, who brought up the subject of management processes and he went on to report a conversation he had recently had with a member of his management team who *"is always seeing processes in everything he does. I told him, processes are fine but where are the results? I am paid for results not for processes."*

I was genuinely stunned. All the data in my 'researcher' world pointed to the benefits of a process orientation at all levels of my practice. I had accepted this as 'the truth'; on my computer hard disc was a discussion chapter that extolled the virtues of process thinking and showed how I had improved my practice by integrating it into my work environment. Now, from my 'practitioner' world came a slap in the face from a man I genuinely respect. After all, I too am paid for results. I found myself forced to question



my assumptions not only about process thinking and my practice but also about the very methodological choices I had made at the outset of this work.

How could it be that the benefits of process thinking are not obvious to my colleagues throughout the wider organisation? Short of proselytising there is little ultimately that I can do about differences in perception among managers from different operating units, but what are the implications of such differences for me and my co-researchers? Is it as Palmer and Hardy (2000) point out:

Postmodernist approaches are relatively new to management theory and have not been applied to management practice to any significant degree. (p. 259)

As a result of this encounter I am concerned that what has been achieved through this work constitutes a vacuum. Whilst I and my co-researchers may have succeeded in improving the situation of the local organisation, if this is not accepted as a valid approach to common issues across geographical borders then our achievements are under medium term threat, not least from a change of management for example. In addition, areas that have been identified in this research as requiring a broad corporate response, and among them especially new product development policy, require a degree of acceptance of the way in which my local organisation has begun to see the challenges it faces. Without that acceptance the necessary wider change process has little chance of success. When new product development once more comes to the fore in my local context, the wider corporate change necessary to deal satisfactorily with the issue may not have taken place with the possible consequence that local achievements are threatened from yet another direction.

Naturally I find such reflections dispiriting for they point to my limitations in bringing about corporate change simply through improved practice. For although in Alvesson and Sköldbberg's terms I may have succeeded in the theoretical and cultural contexts of my work, ultimate and complete success in bringing about change is a political process that encompasses a wider field than that of my local practice. In this work I have ignored this with the result that the hard earned outcomes of the work are at risk.

Nevertheless, having admitted this failure I believe that I must concentrate on the local achievements in order to extract maximum benefit from both my work and that of my co-researchers.



### 14.3 Reflections on Cycle 2

Of course, for proponents of the excellence movement, strategy is not a prerequisite for success, but a focus on customers, the need for constant innovation, the close involvement of employees in the business as well as leadership that, as Peters and Austin (1994 p. 37) have it, *'listens, facilitates, coaches and, above all, reinforces values'* are.

As Cycle 2 progressed (as reported on in Chapters 8 to 11) each of the quintessential 'excellence' themes became readily identifiable in this work although the roots of each are different. The focus on customers derives from my perception of its earlier absence, the need for innovation was highlighted by the participants in the benchmarking round of interviews, the close involvement of the employees in the solution to our problems arose from my Schumpeterian interpretation of 'strategy as stretch' whilst the tone of the leadership within the project was a consequence of the Action Inquiry approach that I chose to use at the outset.

It seems fair to consider the extent to which my perception of the local and personal research context influenced the emergence of these four 'excellence' themes and to explore the degree to which they were preordained by the very setting and subject of the study. It seems that during Cycle 2 I began to work along two parallel tracks, one external and one internal. Externally, I was working with the customer base and had the innovation issue high on the agenda; but was sufficient focus brought to bear on the customers and did the process of innovation that I engaged in go far enough? From an internal perspective did I create appropriate conditions to ensure that the employees, my co-researchers, were sufficiently engaged and was the tone leadership the right one? I would propose to deal with these external issues in this section before dealing with the internal ones in the next.

Certainly, and in so far as customers are the life blood of any business, my focus on customers was preordained as were my attempts to reinvigorate our relationships by engaging the only resources at my disposal, the local employees of my company. Indeed, one wonders to what extent Peters and Waterman were stating the obvious all those years ago. However, the introduction of innovation and leadership as elements in my research came from direct customer feedback and my considered response both to the methodology of my research and practice.

In terms of the focus that I brought to bear on the customers at the centre of this research I came to observe that the quality of my own conversations with customers



improved during the course of the research. For example, we would remember the approximate ages of our respective children when asking about the family and there would be more loud laughter during the conversations. After the second round of interviews I noticed that some of the more senior managers who had participated in the research would occasionally take me aside and ask my opinion of this or that idea that they were about to float in their own organisation. I think that it is reasonable for me to take both of these observations as signs that the external stakeholders in the research had been affected by it and that within the customers organisations a better climate was being fostered. It is of course possible to say that these observations came about by simply increasing the number of customer contacts between my company and the customers. I would discount this explanation as facile but wonder to what extent true and deep attitudinal change was brought about by the research.

In terms of creating a better climate, I think that an optimum situation was established during this cycle but true attitudinal change will, I feel, only be brought about once the question of 'innovation' is resolved. In the second round interviews the topic appeared to go off the boil and the much more convivial conversations that I began to have with customers tended to avoid innovation as a subject. I take this as a sign that customers are giving us the benefit of the doubt. I think that they see the efforts that the local organisation is making and that they are sympathetic to this work. However, the increase in concerns about the corporate centre that emerged in the second round of interviews would seem to reinforce this observation and that in turn underlines the medium term risk to the local achievements that I identified in the previous section.

From my observation of the market I can see what the customers are doing in other product areas. Those among them who produce ice cream, launch new products each season whilst the juice and milk producers continue to build their brands through long-term strategies of differentiation. The business of 'innovation' is only dormant, within a year or two it will awake like a bear with sore head. There is only so long that that the boy can keep his finger in the dyke and once the novelty of my organisational innovations at the local level wear off then new product development will certainly be rekindled as a burning issue.

Here I must ask myself whether I have done all that is possible in the matter of innovation. Certainly I have given the subject of innovation much wide ranging thought as I hope Chapter 9 testifies. However, upon considering the matter, I would conclude that by working exclusively in the local and personal contexts I have not yet concentrated enough political energy in the wider corporate world in order to bring about



such essential change as is possible at that level. This is not necessarily a problem at this point, but it is something that I must bear in mind if I am to minimise the medium term risk to my achievements that I have identified above.

I have observed above that for proponents of the excellence movement, strategy is an unnecessary ingredient of management practice. In so far as the presence of the four excellence themes could lead the reader to see this research as a piece of work in the 'excellence' mould, I think that the importance of strategy at several levels is revealed by the development of the first two cycles of my work. If Cycle 1 determined the overall strategy concerning the relationship between research and practice in my work, then Cycle 2 very clearly dealt with the strategy of practice. To some extent Cycle 2 reflects the making of strategy in response to customer demand but it also demonstrates a considered developmental approach as well. These two approaches to strategy formulation appear to be quite different since the former is an inclusive process that draws on the experience of my co-researchers whilst the latter is a wholly theoretical process grounded on my reading and exegesis of literature.

To what extent can this be seen as an appropriate way to determine overall strategy for practice? I am certainly conscious of the imperative of time in both aspects of strategy formulation. The very nature of management practice forces deadlines set by stakeholders' diaries and there is certainly a degree of negotiation evident in the consultations described in Chapter 8 when the action plans were established. Whilst Chapter 9 describes a perhaps calmer process, time also played a role since the action plans needed an implementation strategy and my supervisor another draft chapter! However, although time played a part in both routes to strategy formulation I do not feel that either process was forced nor compromised by time pressure, for in both cases I had the opportunity to consult with the stakeholders in the research before finalising strategic direction. Whilst there may be several strategic policy options open to management practitioners I feel that by grounding the chosen option in a consultative process legitimises the direction ultimately chosen and I certainly can say that discussions with stakeholders in this work never dealt retrospectively with its overall strategic direction because, I believe, the strategy had been explained and accepted.

#### **14.4 Reflections on Cycle 3**

In Cycle 3 I chose to pursue an internal perspective on my data and in this cycle I referred back to my co-researchers in order to get a sense of how well the process of KAM had worked in practice. The questions that I carried forward to this section from



the previous one concern the engagement of my co-researchers and the tone of leadership that pervaded the research undertaking.

Upon re-reading the text of my thesis I am aware that the narrative of the research frequently refers to the customers and to the way in which the research process impinges on them at various points of its development. The story does not highlight the internal perspective perhaps quite so much as the external one. As a result the reader might be excused for claiming that the 'character' of the co-researchers does not clearly come through in the thesis and that in some way they remain 'Ginger' to the customers' 'Biggles'.

Painfully, I must ask myself if this has occurred through a narcissistic urge on my part to place myself centre stage in terms of internal events and the narrative? Naturally, I recognise that the reader, and my co-researchers, alone must be the ultimate judges but my perception is that whilst my co-researchers may not have a starring role in the narrative, they certainly played a central role in the whole. A defining moment in the success of the research was the 'Hat Ceremony', described in Chapter 10. This was akin to my own point of no return, reported in Section 7.2, when I realised that I had made promises that I must keep and that there was no turning back. From the 'Hat Ceremony' onward I felt a gradual change in the teams that went from involvement in the research process to commitment to it.

It is hard to generalise as to why this might have been, though certainly the symbolism and the fun factor of the Ceremony laid a good foundation for progress. Beyond that I think that the members of the KAM teams were pleased to find themselves with both deeper and wider responsibilities than their functional silos had previously allowed. Suddenly they felt themselves accountable for their input to the daily business and so grew as both people and contributors. In the light of much modern management literature should I be surprised that this might have been true in practice?

Other members of the teams found themselves in designated leadership roles perhaps for the first time in their adult lives. These individuals also responded in remarkable ways and, in my reading of Chapter 12, were often helped to grow into the shoes of leader through the support of their team members. This tells me a lot about consensual leadership in practice though I recognise that its appearance depends to a large extent on the way in which teams 'gell'. This time I was perhaps lucky and as the creator of teams, I must in future spend more time on trying to ensure that the individuals in a group can learn from each other and together foster a team spirit.



Finally, I would comment on the role of women managers in the KAM process. The story of one of the Key Account Managers told in Chapter 12 is that of a woman, but she was not alone in participating in the research. In a traditional society like Greece at the time of writing it is quite unusual, except in the offices of multinational enterprises, to find women in executive positions. I can only think that this general limitation of opportunity together with the complete equality of treatment that is accorded once employed by such a multinational results in women grasping their chances with both hands. Certainly, this work would not have been possible without the participation of many women managers in my company. Interestingly, despite the traditional brake on their career opportunities their role in this research was never questioned by any of the stakeholders, either internal or external. I can only think that this is because they were doing the same good job as my other co-researchers!

### **14.5 Reflecting on reflection**

Reflection, I find, is not easy. Getting one layer below the narrative involves a quite personal thought process, but in preparing for this chapter I have found that stimulus for reflection can come from unexpected quarters and at most inconvenient times. As ideas and thoughts became lost in the daily maelstrom I came to recognise that such stimulus must always be acted upon.

Certainly such an unexpected stimulus was my encounter with my German colleague recounted above, but others have included seeing the woman Key Account Manager, who has a two-year old daughter, sitting in the office and working on contract documents at nine o'clock in the evening. The long lunch that I described in Chapter 10 with two engineers long remained in my mind as did the almost palpable pre-exam atmosphere that pervaded the office before the second round interviews. An invitation by a customer to spend a weekend on his boat (which sadly I was not able to take up!) just before the second round interviews with his managers also left me wide mouthed. My three-hour conversations with the managing director of Hera are now part of my social calendar and, although he often repeats himself, I take away from each of these encounters a fresh view of our mutual business and of the wider business environment.

What strikes me as this research draws to a close is the integrative nature of reflection. Creating a '*customer satisfaction process*' in my 'new job' would not have been difficult, indeed it was probably mandatory at the outset of this work for an experienced practitioner. But by training myself over the course of this research to link people,



events and theory to my own actions I have found a depth of understanding that I did not have before I took on the mantle of practitioner-researcher.

## **14.6 Reflecting on the practitioner-researcher**

My adoption of the term 'practitioner-researcher' in the early stages of conceptualising this research seems now, if not to have reflected a degree of bravado on my part, then certainly to have been brave! I could not then have known, nor understood, the rewards that working in such a role for three years would bring. Today, I would readily agree with Torbert's view, discussed in Section 3.7, that in addition to being a tool towards establishing a collaborative and reflective organisational community, Action Inquiry is to some extent a personal development tool.

Certainly, the rewards that this undertaking has brought me can be found in my daily work, where I feel that not only has the standing of my company with its customers changed for the better, but where a closeness has been forged between colleagues. Thus I can look to a problem solved and to a more pleasant, as well as more efficient, working environment where my position as 'leader' has probably been strengthened as a result of persisting with a participative approach to the work.

But it is not only the external and internal perspectives of my job that have changed. I too have changed, perhaps become more thoughtful and even analytical in the way I go about managing in a commercial context. Perhaps a little more 'touchy-feely' as my DBA programme director might have it! I have, in addition, acquired the skills of a 'researcher', which I suppose I may continue to exercise in tandem with my repositioned practitioner skills, or even alone.

However, as I race towards the final full stop of this thesis, I recognise that encounters such as the one with my German colleague reported in Section 14.2.2 seem to illustrate a separation between myself and those in the company who do not share my perspective as a practitioner-researcher. Of course, I cannot alter what is in the past and indeed I am quite happy at the changes that I have brought about to my own behaviour and skills. Yet I cannot help but wonder where all this might end? I am startled to find that in undertaking this research I began a process of self-discovery that goes far beyond the confines of my work and which is far from over...



## **14.7 Reflecting on recommendations**

Recognising that such a serendipitous ending to a piece of doctoral research may leave the reader still looking for the exit, I will offer here an alternative closure. The recommendations that might flow from this work could perhaps be seen as constituting two separate groups. Firstly, there might be those that apply to myself as practitioner-researcher and secondly, those that could be applied at both the local and central organisational levels.

As to myself, I have, as reported in the previous section, radically changed my approach to the practice of management and might now consider the next steps of my career. I believe that a way forward could be for me to write a reflexive autobiography of some twenty thousand words and to use the skills of data analysis that I have acquired in the process of my doctoral studies to search for the golden thread that runs through my life and which may provide guidance on preferences and skills that might inform my future career choices.

In addition I might use this doctoral work as a basis for continued research in the directions discussed in Section 13.5. But so profound are the personal changes that have overtaken me that, should I decide to continue my formal academic work, I feel that my interest could lay in an exploration of the idea of the practitioner-researcher and how it could be further promulgated in organisations. To this end I should continue to explore the literature relating to the practitioner-researcher and I could also reach out to others who have consciously adopted this stance in their praxis in order to better understand its breadth.

Of course there remains the possibility of publishing parts of this work. I could take steps towards editing the thesis text and of perhaps including data that I have not used here but which has been part of the unseen fruit of the research. To some extent of course the fulfillment of this auto-recommendation will depend on the outcome of my reflection in the two other areas that I have identified above.

In the second group of suggestions are those that might impact the local and central organizations. On a central level, my recommendations revolve around issues concerning the way in which the company as a whole views its customer base. Certainly, the success that I have claimed for the Key Account Management model in this research would suggest that its adoption could be usefully considered by other subsidiaries around the world. However, a significant potential obstacle to the successful reproduction of the KAM process at country level lay in the dysfunction of the



central organisation's NPD processes. My recommendation would be that as individual country managers pursue the implementation of the KAM model so the central organization should, in parallel, work on the clarification of the corporate research and development function.

The first Appendix to this thesis, when read in juxtaposition to Chapter 9, raises issues of long-term corporate strategy and purpose. My recommendation would be that a significant and deep review of overall organisational aims be carried out. The conclusions of such a review need not necessarily call for a return to the founding values of the company but such an exercise would remove a sense of drift in this area and could reinvigorate the company at a time of great market change.

Local recommendations relate to the selection of Key Account Managers and to the way in which the account teams are managed. There is some evidence in the research that more detailed procedures in these areas could result in a better fit between customers, team members and the key account manager himself.

On the same subject of fit between the various stakeholders in the KAM process, I would recommend that as the company's competence development programme begins to deliver benefits so the availability of team members and managers will increase. This will allow more customers to be included in the KAM process. This will of course involve the management group in a review of participating customers (see Chapter 5) and in refreshing the constructs used in discussions with customers (see Chapter 6).

Despite the significant workload that this will entail, such reviews are part of good practice in the unfreezing and refreezing of the whole Theory of Business (see Chapter 13) that this work has established for my local company. My final recommendation is that the management group keeps the Theory of Business model relevant and up to date.



## **Appendix - ON QUESTIONS OF STRUCTURE, STRATEGY AND THE BUSINESS ENVIRONMENT**

This appendix will address the matter of '*bounding the case*', after Stake (ibid.1994), as well as fulfilling my need to gain an understanding of the context within which my research will take place. As such it aims to provide a substantive answer to Research Question (A) and is presented in three sections. The first deals with corporate and local structure, the second with corporate strategy and the last with the local business environment within which the research is set. Before beginning, a few words of introduction maybe called for.

The success of the enterprise that employs me has been firmly founded on the concept of one product although within the last ten years a degree of vertical and horizontal integration has been attempted through the addition of liquid food processing, chilled liquid and plastic packaging divisions. At the time of writing, these additions to the product portfolio have not contributed significantly to the turnover of the business and have been net consumers of resources.

It is probably true to say that these additions to the business were made after a forty-year period of significant expansion and continuing success. Their development was probably brought about by the confluence of a number of factors. Firstly, a generation change in the owning family occurred, this was of course accompanied by the retirement within a short span of time of the original managerial team. Secondly, the business's driving force, the aseptic package, has become less of a technological phenomenon in the established markets than it was at the outset. At the time of writing this process of change has been perceptibly underway for almost ten years and is having a discernible effect on questions of both organisational structure and strategy as the company seeks to break out of its current business environment.

### **1 THE CORPORATE AND LOCAL STRUCTURE OF MY COMPANY**

I feel it appropriate at this juncture to describe in some detail, and by reference to Child's (1984) five main issues of organisational design, the corporate context in which I currently work and how it has changed over the last ten years. The company to this day favours flat structures for what appear to be deeply rooted cultural reasons. Spans of control are consequently large (the CEO takes 14 reports and the Regional Presidents the same number) but the resultant delegation of responsibility onto all employees is



seen as one of the core values of the organisation. Problems of supervision have in the past been compensated for by a remarkable unity of purpose that had been created from the outset and by the trust that the owner family have had in the management and employees as a whole. Consequently, employee motivation has always been high despite apparently few opportunities for 'promotion' in the commonly understood meaning of the term.

The apocryphal story of a young graduate employed by the company in the early 1960's perhaps serves as a good illustration of the nature of organisation in the early days of the company. Whilst walking down a corridor and away from his desk in the company's Swedish head office, he heard the booming voice of the founder shout after him:

*'And where do you think you are going?'*

*'To the..the..the toilet, Sir',* came the reply

*'No you are not - you are going to Brazil'*

The young man spent the next 10 years of his life creating a successful market for the company in that country.

The overall effect of such a style, certainly for the first forty-year period of the company's history, has been a decentralised form of organisation apparently stemming from deeply held principles on the part of the owners and original managers. Their philosophy might be said to have resembled a Scandinavian version of a 'Theory Y' set of attitudes, popular in the 1960's and articulated in McGregor's (1967) own posthumous implementation handbook.

The company has maintained a strong belief in the geographical model of organisation in its commercial operations until recently. The seventy or so Country Managers, of whom I am one, have historically, as a result of the approach discussed above, been all-powerful when it comes to the customer interface and have been able to make demands on other parts of the organisation whilst setting substantial parts of strategy locally. However, a divisional and regional structure was put in place some seven years ago so that today four Product Groups (including the new additions referred to earlier) are organised in a matrix with the now regionalised Country fief structures. Many would argue that the result has been a significant shift of power away from the Country Managers. One practical outcome of this reorganisation has been a move from the decentralised model to a far more centralised structure. Cynics among the Country Managers would no doubt see this as a substantiation of Child's (1972) observation that organisation design is



essentially a political process in which constraints and opportunities are functions of the power exercised by decision-makers in the light of ideological values. (p. 2)

In conjunction with the matrix structure described above there also exists an almost Weberianly bureaucratic configuration for Group/Staff Functions such as Personnel or 'Economy' (this latter function in my experience being typical of Swedish companies, takes an almost macro economic view of the finances of the Group). In comparison with the operational 'witches brew' of intrigue and politics present within the matrix, this part of the organisation would today seem to be almost boring. However, it should be said that the omnipresent wide span of control and short chain of command of earlier times are still applied here as 'modifications' to the classical features of the bureaucratic model.

The question of integration between the operational and administrative structures has from the earliest days been most frequently resolved by recourse to the informal organisation that has flourished in the company as a whole. By not insisting on strictly formalised communication, by encouraging delegation and the taking of responsibility in the absence of close supervision, many of the non-productive features of formal organisations were avoided as the company followed a steep growth trajectory. Indeed, if the purpose of organisation were, as Duncan (1979) says, to facilitate the flow of information and to achieve effective co-ordination and integration then, to the extent that financial results are a reflection of achievement of these goals, it would appear that the unusual model described above has been very successful. However, its triumph could be said to have been achieved through a reliance on the excellent informal structures in the company. It is exactly these informal structures, which, although historically good, are now being put under strain by the matrix organisation on the operational side of the business. As a consequence there is a view amongst some managers, expressed almost exclusively in private but substantiated by Goldsworthy (2001), that the organisation as a whole is working less well than in the past.

In terms of my own position in the organisation, I am responsible for the Greek market and like all Country Managers am appointed by the CEO and am employed by a central corporate entity. Essentially, my colleagues and I are on contract to the local market companies for which we are responsible. Up to the regionalisation seven years ago, all Country Managers would have reported directly to the CEO. With seventy reports plus corporate functions it is clear that this was a very loose arrangement! Since the regionalisation, four Regional Managers have been interposed between the CEO and the Country Managers. This has lengthened the span of control at the top of the



organisation and, at the time of the implementation, was seen as being very much against the culture of the company. It is probably fair to say that after several years of dissent this structure was finally 'accepted' by the Country Managers.

Within the Market Company for which I am responsible, the structure follows a model typical of all Market Companies world-wide and one which has not changed even in the last ten years of corporate turmoil. The Country Manager is located in the main office situated in or close to the capital city (in my case in Athens) atop the following departmental configuration:

- (a) Packaging Sales/Marketing Department, which has day-to-day responsibility for account maintenance and prospecting for new business. The group is responsible for sales of machinery and packages to any entity wishing to pack liquid food in the geography allotted to the Market Company.
- (b) Sales Administration Department, with which customers co-operate on questions of graphic design for new packages and to which all sales contracts (for both machines and packaging) are delivered for execution. The department liaises between the customer and production units (which in this case are not located in Greece) that specialise in a particular product, right up to the moment of delivery.
- (c) Technical Service Department, which is responsible for all machine installations and for ensuring good running of the installed machine park. This group would also deal with product malfunction and quality claims on delivered packages. In the Greek Market Company, in order that engineers could more easily get to customers located in the north of the country, a service station was established in Thessaloniki some seven years ago and three engineers live in the town and work from the station.
- (d) The Processing Sales / Marketing Department is the local representation of one of the newly added Product Divisions. The group is responsible for the sale and installation of equipment used in the processing of liquid food prior to packaging. Within the department there is often also a significant technical / engineering function which is specialised in liquid food processing technology but which has no personnel or organisational linkage to the Technical Service Department mentioned above.



- (e) The Finance Department is responsible for all local statutory accounting issues and for periodic reporting according to corporate requirements to the Regional Office. There has historically been very little involvement of the department in business related issues other than receivables control with the result that it is often reduced to a bean counting function with little operational contact to the local managing director.

From these five departments each Head of Department reports to the Country Manager. One of my first moves upon my arrival has been to constitute a management group into which these five people have been integrated. In all there are fifty employees in the Greek organisation of whom two, in addition to myself, are expatriates.

It is interesting to observe the highly formal, mechanistic structure that is the usual model for an in Country organisation. It is clearly predicated on a functional approach to task management but, as described earlier, the informal organisation has in the past regularly circumvented this formal structure to great effect at both the country and international level. However, I am concerned about in the appropriateness of the formal, functional organisation at the local level in the light of both the apparently weakening informal structures across the whole company and the apparent problem with customer confidence that I have detected upon taking up my new job.

Having described the local context it may be appropriate to continue the examination of the significance of the changes that the worldwide organisation has undergone in the last seven years. Particularly as these changes have touched not only the structure of the company but also, apparently, the underlying philosophy of top, corporate management on questions of strategy as well. Such changes certainly impact the context in which local organisation works.

## **2 CORPORATE STRATEGY**

The most noticeable difference in the strategic process to have been brought about, since change began to occur in the corporate organisation some seven years ago, is the move to its centralisation. It has already been said that in the company's youth, Country Managers were left to set substantial swathes of 'strategy' at the local level and that the centralisation of this function has reduced the power of the remaining pioneers and of their successors.

The commonly given explanation for the change is that in those pioneering days the strategic process was quite different to what is expected of it today. This view states



that at that time the whole company was oriented to the pursuit of one objective - the penetration of new markets with its revolutionary product. Further, the novelty of the product would have ensured an environment where there was no direct competition selling the same type of package. Thus setting strategy in each country would 'simply' have been about determining which potential customers represented the best opportunities for long-term sales and so 'strategy' as such did not exist. Today, as the company and its markets are more complex, it is said to be necessary to consider the overall position in the value chain as a base for crafting strategy across the product divisions and the geographic regions.

The counterpoint to this essentially condescending view of the early strategy of the company would seem to be that in those early days the revolutionary nature of the product necessitated a whole new way of thinking about packaging liquid food and this was in fact a highly 'strategic' process. It meant that the pioneering managing directors were actually called upon to do the kind of 'strategic' things that Hamel and Prahalad (1994) today call '*strategic stretch*'. For example they had to reinvent the market for milk to accommodate carton packages and to reject glass bottles whilst creating a new category of product by using the aseptic package to facilitate the mass distribution of fruit juices for the first time. So, far from there being an absence of strategy during the first forty years, the organisation was in fact in the contemporary avant-garde not only in terms of its product but also in the way that it was marketed.

I continue to devote space to this historical analysis because I feel it provides useful context to current issues of structure and strategy in the company. It also raises the possibility that at least some of the changes of the last seven years contradict much of the culture established in the first forty years of the company's history. In seeking a framework within which to identify these 'counter revolutionary' changes I note that a debate continues in a section of the literature (e.g. Boyd, et al. 1993; Amburgey and Dacin 1994; Ghoshal and Bartlett 1995) on the links between the structure and strategy that an organisation adopts and its business environment. The origins of this discussion are to be found in work going back to the early 1960's (e.g. Burns and Stalker 1961; Chandler 1962; Woodward 1965) when my company was in its very early years.

It was during this period that the lines between what may be called the classical / rational (Chandler) and contingency (Woodward; Burns and Stalker) views of organisational structure were drawn and the link to 'strategy' propounded. Whatever the nature of causality within this link, the discussion of the relationship itself seems throughout the literature to be most often couched in terms of the contingency views



espoused by the latter group of writers. Intriguingly, it would perhaps not be too difficult, based on my earlier narrative, to classify my employer in its early years as having espoused what Burns and Stalker would have called an '*organic*' form of organisation. The emergent packaging company must have had a striking resemblance to the electronics firm that formed the '*organic*' example in their categorisation model. That firm discouraged written communication, had as little job definition as possible whilst preferring employee interaction to take place on a face-to-face basis. Electronics in the 1960's was an embryonic industry and its products revolutionary, industry players would have regularly had to deal with an unpredictable business environment. The similarity to the likely contemporary situation for a newly established producer of aseptic packaging systems for liquid food is striking.

It would seem then to be possible to describe the management style applied in my present employer's organisation during the first forty years of its existence by use of the vocabulary of visionary and dynamic 1960's academic management thought. Ideas characteristic of the work of McGregor and Burns and Stalker's are evident in much of the structure and strategy of the firm in its first growth phase up to 1990. It is probably accepted today that these writers succeeded in describing the management techniques of those companies that fruitfully rode the 1960's quantum leap in technology.

The academic heirs of McGregor and Burns and Stalker (e.g. Zabriskie and Huellmantel 1991; Shaw, et al. 1998) seem to detect among successful contemporary companies a tendency to maintain such a dynamic view of strategy. It also seems that such a tactic need not mean the abdication of the corporate entity from the strategic process. It does however suggest a need for the corporate centre to recognise the potential value to be gained in including managers throughout the organisation in the practice of strategy in the manner suggested by Mintzberg (1994a) and subscribed to by my employer up to the early 1990's.

However, this type of '*strategic thinking*' (Bates and Dillard 1993), which is distinguished from strategic planning in that it is not a procedure or technique but rather a way of thinking about the business at hand, appears to be temporarily out of fashion in the company. It would seem that the corporate management became separated from its strategic heritage just as academic writers were confirming the view of strategy that the company had had since its inception as being a factor in the success of companies in the 1990's. Bearing in mind the current wave of technologically lead change that industry is going through at the turn of the century, such a separation might be thought to be dangerous if sustained for any length of time. Indeed, since the early 1990's the



academic evidence supporting a holistic approach to strategy appears to have increased substantially.

Porter's (1996) answer to his own rhetorical question: "*What is Strategy?*" advances the possibility of viewing its creation and implementation as a dynamic process that embraces many subsets of management activity. Indeed, even writers who might be said to take a prescriptive position on strategy formulation (e.g. Eisenhardt and Sull 2001) see it as an organisationally vital occurrence. Today it would seem that the academic discussion centres not about the existence of the ties between structure, strategy and environment but rather about the way in which to bring these various 'perspectives' together in the vigorous practice of simultaneous and continuous strategy crafting and implementation (Kaplan and Norton 2000).

It would seem then to be good news that I am able to report that the Balanced Score Card tool (Kaplan and Norton 1996) has been applied throughout the company since 1997. However, my observation is that a mechanistic planning cycle of feeding information into the model has been established and is refined from year to year. Thus, far from providing the strategic alignment and inclusive approach to strategy formulation that Kaplan and Norton speak of, the way in which the tool is actually used is rather as a means of communicating overall corporate aims from the top down. From an in Country point of view, the Balance Score Card becomes a sophisticated control tool in the manner of 'management by objectives' – another management tool of the 1960's, but one which at that time was the antithesis of this company's chosen model. In so far as my observation is correct, it could be taken as further evidence of the change in the core approach to strategic issues in the company enacted since the mid 1990's.

From my perspective as a Country Manager I do not see myself as being able to influence significantly the wider approach to strategy currently in vogue in the company. However, it is my task as the locally based corporate representative to manage the company's position in the country environment for which I am responsible. It is against this background that as a researcher I see the issue of 'customer satisfaction' as perhaps being the leading indicator of a wider organisational malaise and certainly something that is an issue for me in my new job.

Having reviewed, in the preceding two sections of this chapter, the corporate context of structure and strategy it is now perhaps appropriate to describe the strictly local business environment within which I function and in which my research will be located.



### **3 THE LOCAL BUSINESS ENVIRONMENT**

Despite the current predilection in the literature for a dynamic view of strategy, and notwithstanding the company's historical embrace of such methods demonstrated above, I do nevertheless feel that the framework for this section is to be found in the more traditional lexicon of the 'strategic management' literature. The tools of this static view, despite Minzberg's (ibid. 1994a) scathing comments about four grid matrices, are I believe useful in taking a snap shot picture of a business environment. This is particularly so as the aim of this section is not to achieve a detailed analysis of the liquid food manufacturing industry in Greece but rather to provide a flavour of the setting in which my research will be carried out. As such the remainder of this section will be descriptive in character and based on my impressions of the market since taking up my new role. However, it should be said that these impressions are inevitably informed by my fourteen years of experience with the company in several different locations.

The Greek Market Company was established in 1985 and I am the fourth Country Manager since then but the first non-Swedish national. Prior to the establishment of the local presence, the market was run from Cyprus, which was used throughout the 1980's as a base for the new markets that were being developed during that period around the East Mediterranean basin. Today there are 50 people employed in Greece, of whom three are expatriates, working from an office in Athens and a workstation in Thessaloniki. The structure of the organisation has been referred to previously.

The business profile has evolved over the history of the market company from being centred on selling packages to agricultural co-operatives to a contemporary concentration on sales of processing and packaging systems to privately owned firms producing in both dairy and juice sectors. Some of the original co-operatives are still in existence and today constitute a rump of sales amounting to no more than 10% of total sales generated from some 10 organisations.

In terms of describing my company's position in the Greek business environment for liquid food I have constructed Table 1 which attempts to evaluate the external environment which is common to all those interested in this industry. The table makes use of a traditional PESTER analysis with a SWOT type exercise appended which analyses only the Opportunities and Threats dimensions but relates them to supply and demand conditions facing the industry. The table serves to bring together much of the background information that impinges on all industry players and highlights some of the far reaching changes that are occurring in the market place and which are commented on below.



Table 1

An Environmental Scan, taken from my company’s stand point, using the PESTER and modified SWOT approach

POLITICAL	ECONOMIC	SOCIAL
The current left leaning PASOK government supports agriculture.	The value of the Euro, which Greece joined on 01.01.01. has an overall effect on the economy.	Future rate of income growth, and hence of spending power, in the population.
The PASOK dominated Agricultural Bank is an active investor in co-operative agricultural enterprises.	Multinational Companies investing in the Greek dairy and juice sectors.	Consumption trends of liquid food products, particularly: Long Life milk Evaporated milk Chilled Juice.
There is significant availability of EU Funds for industrial development primarily for private companies.	The future of the raw milk price to the farmers will affect the competitive edge of the dairy industry.  The impact of fast developing supermarket chains on the retail price structure for liquid food products is uncertain.	
TECHNOLOGICAL	ECOLOGICAL	REGULATION
Our competitors have delivered several machine innovations that we do not have in our portfolio at the time of writing.	The EU packaging waste directive impacts the whole industry – both juice and dairy.	EU Quotas limit the volume of milk production in Greece.
Our technology is perceived by the industry as the safest available among the competitors.	The perception of milk as a healthy product in the light of BSE and F & M may change.  Cheese production has whey as a by-product, which raises issues of environmentally acceptable disposal.	EU membership means unrestricted competition from European firms in both dairy and juice sectors.



Table 1 (Cont.)

An Environmental Scan, taken from my company’s stand point, using the PESTER and modified SWOT approach

OPPORTUNITIES & THREATS

SUPPLY	COMPETITIVE POSITION	DEMAND
THREATS	THREATS	THREATS
Perceived market saturation by carton packaging for liquid food.	Locally produced packaging material for certain machine systems is being sold at prices below those of the international suppliers such as ourselves.	Existing customers decide to adopt packaging systems not in our current portfolio.
Historical lack of contact with the market leader in the dairy segment.	Plastic based packaging systems for liquid food are finding favour in the market.	Large supermarkets start discounting - price points & margins wrecked throughout the value chain.
Imports of packaged product from other countries.	Delays in the introduction of innovations to our product line.	
OPPORTUNITIES	OPPORTUNITIES	OPPORTUNITIES
	Long standing local representation, not replicated by competitors.	Long Life Milk consumption continues to grow as it substitutes evaporated milk usage. Opportunities for liquid products other than milk and juice, e.g. wine, tomato paste.

Source: Internal Strategy Process



Following the elections of March 2000 a left leaning government is in power in Greece. It was re-elected on the basis of its record of economic management in its previous term, which had seen inflation tamed for the first time in many years, an achievement which had brought Greece to the brink of membership of the Euro Club. After the election, Greece did indeed join the single currency on the 1<sup>st</sup> January 2001 and, apart from a large dip in share values, the economic successes of the government remain intact at the time of writing. The European Union continues to contribute large amounts of money to the country and tourist infrastructure and agriculture continue to be significant beneficiaries.

As political and economic stability has flourished since Greece joined the precursor to the European Union in March 1980, so has the interest of European companies in Greece increased. By 2001 significant and fast change could be detected throughout the economy; in the liquid food sector this is manifest in the investment of non-Greek, but still European, companies in manufacturing in the country, thus obviating the transportation of goods from Northern Europe. The changes also impact the distribution channels of local manufacturers who find their dominance of the value chain threatened by the arrival of French and German hypermarket chains that threaten the existence of the traditional Mediterranean corner shop whilst pressing down the margins of the local producers. This process will ultimately impact the milk prices obtained by dairy farmers, despite European Union quotas, which limit the volume of milk produced in Greece, and fruit growers. The long-term consequence for the consumer in terms of product pricing is as yet unclear.

What is clear however is the impact that this whole change process is having on consumption habits. Greece is still a huge market for tinned, evaporated milk, which is consumed diluted and often given to children as a healthy form of consuming milk. This habit had grown in the aftermath of the Second World War when food shortages were prevalent in Greece. Today consumption of this product is falling dramatically and being replaced by consumption of liquid milk in cartons which offers opportunities to my company and its customers. Equally the Greek consumer is conscious of 'freshness' as a product attribute and the consumption of chilled fruit juice is growing quickly, presenting to my company the same type of opportunities as arise in the dairy sector. There are probably also opportunities to be explored in new product areas such as wine and tomato products, both of which are fundamental elements of the Mediterranean diet and thus enjoy high levels of consumption.

Whilst it would seem that there are significant opportunities for growth for my company there are threats to the enactment of such a scenario, which must be managed. Apart from threats to the image of liquid food coming from Acts of God, such as the foot and



mouth outbreak in early 2001, acts of man also may have an impact through the as yet unknown consequences of issues such as BSE and the European Dioxin scare of 1999.

In Greece the carton package already has a strong market presence in the liquid food sector and additional growth may have to overcome the factor of consumer fatigue. Manufacturers of plastic packages are well placed to take advantage of any such effect. Also, companies from outside of Greece continue to import products from their plants in Northern Europe and whilst my company may benefit overall, each imported package has an opportunity cost to my local organisation and to my customers.

There is little doubt that the fact that, in the dairy sector, my company has had no contact whatsoever with the market leader (Hades) since 1986 has a negative influence on the situation that I face. The reasons for this lack of contact are not relevant here but the consequence of this unfortunate state of affairs is that 42% of the milk market is off limits to my company and that packaging sales to that player are firmly in the hands of a world-wide competitor. Incidentally, in 1998, Hades began to build up a juice business parallel to its dairy interests and so successful has this foray been that today it is hurting my juice customers.

The final and perhaps most important threat to the future of my company's Greek business is the perceived lack of innovation in package formats, an issue which is discussed below.

As a means of summarising the change in the business environment that has confronted the Greek operation, I feel that Duncan's (ibid.1979) model of the characteristics of environmental states provides a useful snap shot. By attempting to categorise the development of the environment over the history of the Greek operation it is possible to chart how the outlook that my company has faced has changed in terms of a grid matrix encompassing environmental dynamism and complexity.



**Table 2**  
**Duncan’s Characteristics of Environmental States applied to the Greek market for**  
**liquid food products (1985-2000)**

ENVIRONMENTAL DYNAMISM	HIGH (dynamic)	Moderately High Uncertainty Environment  <b>Greece 1985</b>	High Uncertainty Environment  <b>Greece 1999</b>
	LOW (static)	<b>Greece 1992</b>  Low Uncertainty Environment	Moderate Uncertainty Environment
		(homogeneous) LOW	(heterogeneous) HIGH
		ENVIRONMENTAL COMPLEXITY	

*Source: Informal Industry and Internal Interviews*

In the early days of the market’s development, the environment exhibited a high level of dynamism in that the dairy sector changed packaging formats from glass bottles to carton packaging whilst the seeds of a strong juice extraction and packaging industry were established in Greece. In what might be called the second phase of development, starting from about 1992, the degree of environmental dynamism fell off as the earlier industrial changes bedded down and the environment was still dominated by agricultural co-operatives whose needs were relatively easy to service. It would seem however that around 1999 both environmental complexity and dynamism began to pick up speed as the changes identified in the PESTER analysis presented earlier began to occur. I am concerned that my company has been slow to find its place in this next phase of market development.

Within this environment the main business of my company is today done in packaging sales to two multinationals (Athena and Poseidon) and a locally owned producer (Hera) operating in the juice area. Athena has a local stock market listing and is by far the



more important of the two multinationals in terms of turnover with my company. This larger customer accounts for some 35% of total turnover and the other two juice producers for some 15%. Thus, taking into account the juice business in the co-operative rump, packages for the juice sector account for approximately 55% of total turnover.

In view of the embargo on contacts with the market leader mentioned earlier, our main customer for milk packaging is the family owned Zeus which is the number two player in the dairy sector and accounts for some 20% of my company's total sales volume. The number three player in this sector, Hestia, accounts for about a further 15% of total sales but this is generated only in packaging for pasteurised milk. The remaining dairy co-operatives add another 5% to total sales making the contribution of packaging sales to the dairy sector equal to some 40% of the total business in terms of value.

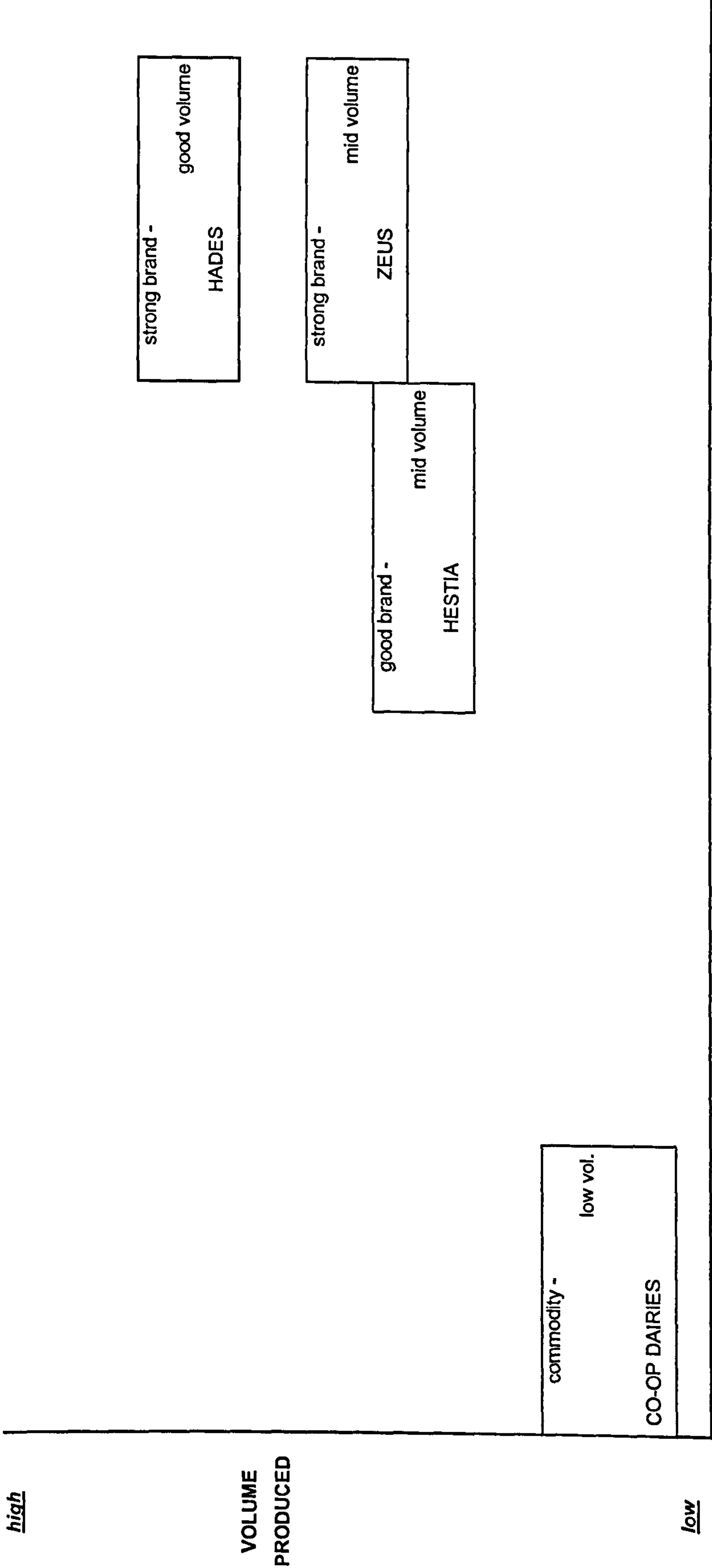
The remaining 5% contribution to sales comes from the sale of processing equipment to both the juice and dairy sectors.

The following tables (3 to 6) attempt to augment the understanding of my company's business environment by locating the main industry players in both the dairy and juice sectors according to a Strategic Group Map (Tables 3 and 5) and in a BCG Strategic Environments Matrix (Table 4 and 6).



Table 3

Strategic Group Map of Notable Dairy Industry Participants



Source: Informal Industry Interviews & Store Checks



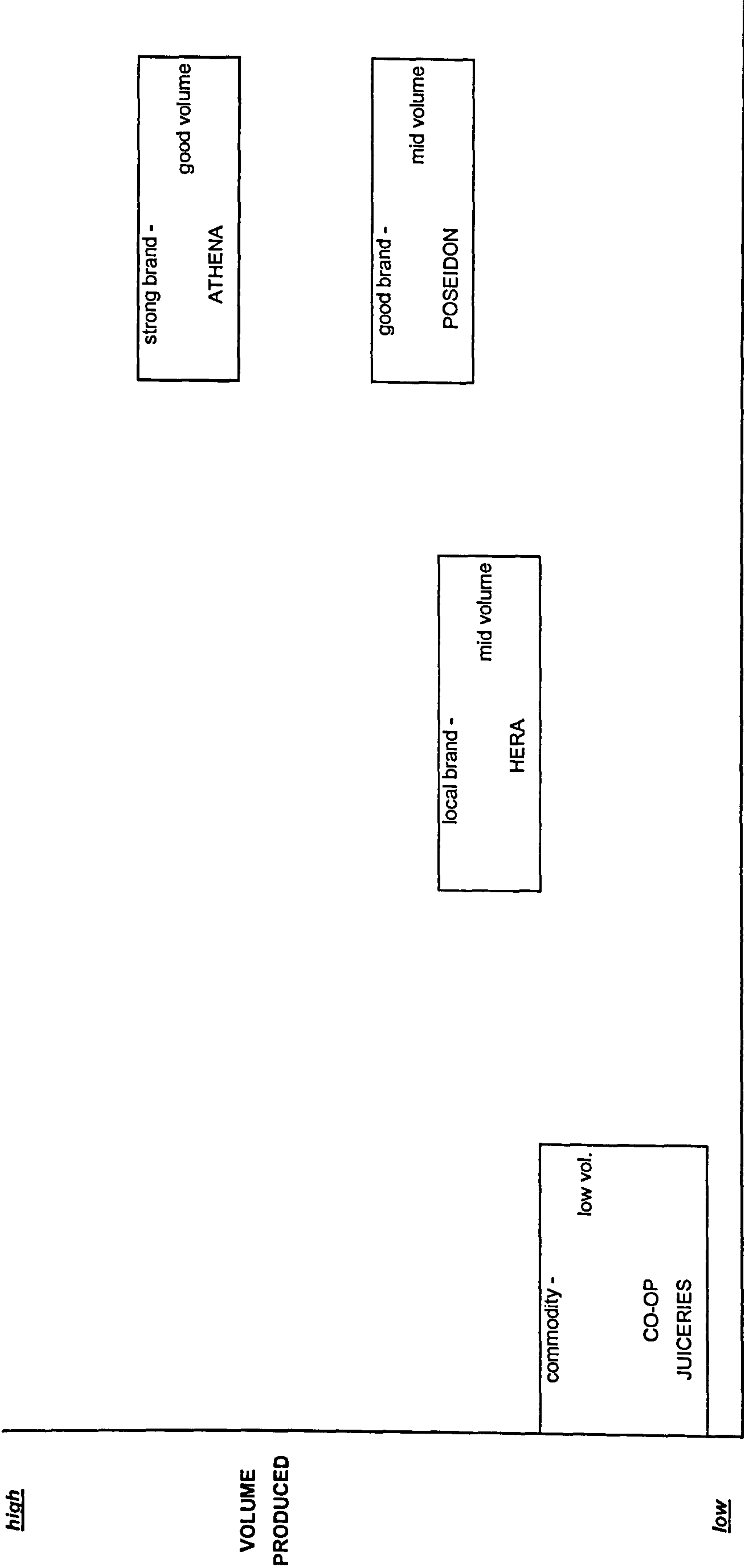
Table 4  
BCG Strategic Environments Matrix for the Dairy Sector

SOURCES OF ADVANTAGE	<u>FRAGMENTED</u>		<u>SPECIALISATION</u>	
	<u>many</u>		<u>CLEAR LEADERS</u>	HADES
	<u>few</u>		<u>SIZE OF ADVANTAGE</u>	
	<u>STALEMATE</u>		<u>VOLUME</u>	
	LOOSERS CO-OPERATIVE DAIRIES		CURRENT INDUSTRY 'THRUSTERS' HESTIA	'NOW WHERE?' ZEUS
	<u>small</u>		<u>large</u>	

Source: Informal Industry Interviews



Table 5  
Strategic Group Map of Notable Juice Industry Participants



Source: Informal Industry Interviews & Store Checks



Table 6  
BCG Strategic Environments Matrix for the Juice Sector

SOURCES OF ADVANTAGE	<u>FRAGMENTED</u>		<u>SPECIALISATION</u>
<u>many</u>		CLEAR LEADERS	ATHENA
			CHALLENGERS POSEIDON
	<u>STALEMATE</u>		<u>VOLUME</u>
		CURRENT INDUSTRY 'THRUSTERS' HERA	
<u>few</u>			
			<u>SIZE OF ADVANTAGE</u>
			<u>small</u>
			<u>large</u>

Source: Informal Industry Interviews



The devices used above seem to show Hades to be in a very strong position in the dairy sector in terms of industry leadership due to the market volumes it has captured and thanks to its well-rated brand position. Similar status is held by Athena in the juice area although Poseidon appears to be providing a much more viable challenge to its market leader than the other dairies are managing to raise against Hades. The Strategic Group Maps identify Hestia and Hera as the current 'industry thrusters' in their respective sectors and, interestingly, both are locally owned firms under the control of young entrepreneurs. The 'losers' in both industries are the co-operative organisations that, perhaps for a lack of resources and business focus, are lagging behind their private sector competition.

As predicted by Porter's Five Forces Model (1985) the larger customers have significant bargaining power vis-à-vis my company at the local level since they represent such a significant part of the business. Any sign of displeasure on their part is a clear signal that I must address their concerns. However, the nature of the investment cycle in the liquid food industry means that the customers' switching costs between processing and packaging systems are actually quite high although it is quite clear that all customers have perfect information as to the costs, availability and performance of alternative systems. These circumstances also mean that once a customer is lost he is very hard to win back!

One of the reasons why customers might consider changing systems is the question of product differentiation. In recent years the homogeneity that characterised the offering of liquid food packaging manufacturers has been eroded by one player, whom I refer to as Supplier 5, introducing a range of innovative packaging formats which my company has not been able to keep abreast of. As a consequence the threat of substitutes has increased from the perspective of my company. This now includes the carton package innovations of Supplier 5 as well as the previously available formats from the traditional carton package suppliers and additionally the burgeoning offerings of the PET and HDPE plastic bottle suppliers.

Partly as a result of this surge in innovation led by my company's main worldwide competitor, there has been a noticeable increase in industry rivalry among the suppliers of packaging for liquid food products beginning in about 1996. This has manifested itself in various ways around the world but in Greece we have seen price competition being used as a means of entering customers that in previous years had been seen as being in the sphere of influence of one of the packaging manufacturers. These unspoken restraints on customer poaching have broken down to a great extent.



The supply of packaging for liquid food remains, world wide, a specialised area with five major players dominating the industry. All of these compete in Greece but only my company has a local presence, the other competitors all work through the representations of agents and I believe that this is a distinguishing feature in the nature of the service that we are able to provide. There are a number of smaller local manufacturers around the world but generally their ranks are dwindling as the power of the 'big five' increases.

However, in Greece a new producer of packaging material has recently established a factory with a capacity equivalent to thirty percent of the market's needs. He has overcome the escalating barriers to entering the industry by making use of a very large European Union capital investment subsidy and is creating noticeable price disturbance in the market.

#### **4 SUMMING UP**

From this necessarily brief overview it is I hope clear that my 'new job' has been happening in a very dynamic business environment made up of both multinational and local players. It would seem that all of these have, as a result of market and technological change in recent years, accrued more power vis a vis my company than they have historically had.

Analysis suggests that whilst this process of power shifting in the market has been occurring so my company has begun implementing structural and strategic changes, at a corporate level, that are counter to much of the management philosophy that was applied during the first forty years of its existence. These changes have impacted me as a Country Manager but have not permeated into the local in Country organisation.

I hope that this appendix has helped the reader understand the context within which the practical problems that I face are manifesting themselves and that the objective; of 'bound the case' has been achieved. The body of the thesis text reports from this point on the first practical steps taken in developing my research.



APPENDIX TO CHAPTER 6

**Containing a listing of 65 constructs**



## **Listing of 65 Constructs**

File Name: C:\ENQUIREW\MPSCS1.SES

Interviewee: Paul Sudnik

Interviewer: Paul Sudnik

### Construct: 1

Similar Pole	Contrast Pole
<b>Hi Customer Focus</b>	<b>Lo Customer Focus</b>

### Construct: 2

Similar Pole	Contrast Pole
<b>Hi Strategic Focus</b>	<b>Lo Strategic Focus</b>

### Construct: 3

Similar Pole	Contrast Pole
<b>Hi Service Focus</b>	<b>Lo Service Focus</b>

### Construct: 4

Similar Pole	Contrast Pole
<b>Hi Product Focus</b>	<b>Lo Product Focus</b>

### Construct: 5

Similar Pole	Contrast Pole
<b>Hi Transaction Focus</b>	<b>Lo Transaction Focus</b>

### Construct: 6

Similar Pole	Contrast Pole
<b>Hi Level of Knowledge About the Business</b>	<b>Lo Level of Knowledge About the Business</b>

### Construct: 7

Similar Pole	Contrast Pole
<b>Hi Level of Support for the Marketing Department</b>	<b>Lo Level of Support for the Marketing Department</b>

### Construct: 8

Similar Pole	Contrast Pole
<b>Hi Level of Customer Service</b>	<b>Hi Level of Customer Service</b>

### Construct: 9

Similar Pole	Contrast Pole
<b>Good Complaint Handling</b>	<b>Poor Complaint Handling</b>

### Construct: 10

Similar Pole	Contrast Pole
<b>Hi Degree of Strategic</b>	<b>Lo Degree of Strategic</b>



**Alignment with Customer      Alignment with Customer**

**Construct: 11**

Similar Pole	Contrast Pole
<b>Hi Attention to System Profitability</b>	<b>Lo Attention to System Profitability</b>

**Construct: 12**

Similar Pole	Contrast Pole
<b>Hi Quality of Technical Service</b>	<b>Lo Quality of Technical Service</b>

**Construct: 13**

Similar Pole	Contrast Pole
<b>Hi Level of Operational Efficiency</b>	<b>Lo Level of Operational Efficiency</b>

**Construct: 14**

Similar Pole	Contrast Pole
<b>Hi Rate of Innovation</b>	<b>Lo Rate of Innovation</b>

**Construct: 15**

Similar Pole	Contrast Pole
<b>Wide Product Range</b>	<b>Narrow Product Range</b>

**Construct: 16**

Similar Pole	Contrast Pole
<b>Hi Product Quality</b>	<b>Lo Product Quality</b>

**Construct: 17**

Similar Pole	Contrast Pole
<b>Hi Efficiency of Order Processing</b>	<b>Lo Efficiency of Order Processing</b>

**Construct: 18**

Similar Pole	Contrast Pole
<b>Lo Lead Times</b>	<b>Hi Lead Times</b>

**Construct: 19**

Similar Pole	Contrast Pole
<b>Hi Degree of Order Accuracy on Delivery</b>	<b>Lo Degree of Order Accuracy on Delivery</b>

**Construct: 20**

Similar Pole	Contrast Pole
<b>Hi Degree of Accuracy on Invoicing</b>	<b>Lo Degree of Accuracy on Invoicing</b>



Construct: 21  
 Similar Pole Contrast Pole  
 Have Offices in Country No Offices in Country

Construct: 22  
 Similar Pole Contrast Pole  
 Have Dedicated Customer No Dedicated Customer  
 Account Managers Account Managers

Construct: 23  
 Similar Pole Contrast Pole  
 Hi Level of Info on World Lo Level of Info on World  
 Market Market

Construct: 24  
 Similar Pole Contrast Pole  
 Hi Involvement with Lo Involvement with  
 Multinationals Multinationals

Construct: 25  
 Similar Pole Contrast Pole  
 Hi Degree of Flexibility Lo Degree of Flexibility

Construct: 26  
 Similar Pole Contrast Pole  
 Hi Number of Local Lo Number of Local  
 Employees in the Employees in the  
 Organisation Organisation

Construct: 27  
 Similar Pole Contrast Pole  
 Hi Degree of Technical Lo Degree of Technical  
 Sophistication Sophistication

Construct: 28  
 Similar Pole Contrast Pole  
 Hi Degree of Line Lo Degree of Line  
 Integration Integration

Construct: 29  
 Similar Pole Contrast Pole  
 Hi degree of involvement Lo degree of involvement  
 prior to order being placed prior to order being placed

Construct: 30  
 Similar Pole Contrast Pole  
 Hi Degree of Use of B2B Web Lo Degree of Use of B2B Web  
 Applications Applications



<u>Construct: 31</u>	
Similar Pole	Contrast Pole
Wide Technical Knowledge of Food Processing	Narrow Technical Knowledge of Food Processing

<u>Construct: 32</u>	
Similar Pole	Contrast Pole
Hi Level of Proprietary R&D Activity	Lo Level of Proprietary R&D Activity

<u>Construct: 33</u>	
Similar Pole	Contrast Pole
Long Established in the Field	Recently Established in the Field

<u>Construct: 34</u>	
Similar Pole	Contrast Pole
Hi Degree of Involvement in Packaging Design	Lo Degree of Involvement in Packaging Design

<u>Construct: 35</u>	
Similar Pole	Contrast Pole
Hi Degree of Access to Campaigns Run in Different Countries	Lo Degree of Access to Campaigns Run in Different Countries

<u>Construct: 36</u>	
Similar Pole	Contrast Pole
Hi Degree of Assistance in Choosing the Optimum Spec. for Pack Mat	Lo Degree of Assistance in Choosing the Optimum Spec. for Pack Mat

<u>Construct: 37</u>	
Similar Pole	Contrast Pole
Hi Degree of Assistance in Selecting the Optimum Packaging Format	Lo Degree of Assistance in Selecting the Optimum Packaging Format

<u>Construct: 38</u>	
Similar Pole	Contrast Pole
Hi Degree of Involvement in Resolving Problems at Customer Site	Lo Degree of Involvement in Resolving Problems at Customer Site

<u>Construct: 39</u>	
Similar Pole	Contrast Pole
Speedy Issuance of Credit Notes for Faulty Pack. Mat.	Slow Issuance of Credit Notes for Faulty Pack. Mat.



Construct: 40

Similar Pole	Contrast Pole
Regular Meetings with Customer to Discuss Complaints	Irregular Meetings with Customer to Discuss Complaints

Construct: 41

Similar Pole	Contrast Pole
Hi Degree of Customer Involvement in the Innovation Process	Lo Degree of Customer Involvement in the Innovation Process

Construct: 42

Similar Pole	Contrast Pole
Hi Degree of Trust in the Confidential Nature of the Relationship	Lo Degree of Trust in the Confidential Nature of the Relationship

Construct: 43

Similar Pole	Contrast Pole
Hi Degree of Personal Involvement Between MD's	Lo Degree of Personal Involvement Between MD's

Construct: 44

Similar Pole	Contrast Pole
Hi Degree of Information Sharing	Lo Degree of Information Sharing

Construct: 45

Similar Pole	Contrast Pole
Hi Pack Mat Prices	Lo Pack Mat Prices

Construct: 46

Similar Pole	Contrast Pole
Hi Machine Costs	Lo Machine Costs

Construct: 47

Similar Pole	Contrast Pole
Hi Degree of Availability of Service Engineers	Lo Degree of Availability of Service Engineers

Construct: 48

Similar Pole	Contrast Pole
Lo Level of Wastage During Production	Hi Level of Wastage During Production

Construct: 49

Similar Pole	Contrast Pole
Hi Degree of Competence among Service Engineers	Lo Degree of Competence among Service Engineers



Construct: 50  
 Similar Pole Contrast Pole  
**Hi Availability of Spare Parts Locally** **Lo Availability of Spare Parts Locally**

Construct: 51  
 Similar Pole Contrast Pole  
**Hi Value Service Schedule** **Lo Value Service Schedule**

Construct: 52  
 Similar Pole Contrast Pole  
**Hi Level of Satisfying Customer Expectations** **Lo Level of Satisfying Customer Expectations**

Construct: 53  
 Similar Pole Contrast Pole  
**Frequent Testing of Concepts with Customers** **Infrequent Testing of Concepts with Customers**

Construct: 54  
 Similar Pole Contrast Pole  
**Hi Degree of Technical Competence** **Lo Degree of Technical Competence**

Construct: 55  
 Similar Pole Contrast Pole  
**Frequent Participation in Trade Fairs** **Infrequent Participation in Trade Fairs**

Construct: 56  
 Similar Pole Contrast Pole  
**Offer Aseptic and Non-Aseptic Packaging Systems** **Do Not Offer Aseptic and Non-Aseptic Packaging Systems**

Construct: 57  
 Similar Pole Contrast Pole  
**Offer Full Line Responsibility** **Do Not Offer Full Line Responsibility**

Construct: 58  
 Similar Pole Contrast Pole  
**Hi Degree of Package Integrity** **Lo Degree of Package Integrity**

Construct: 59  
 Similar Pole Contrast Pole  
**Hi Quality of Print on Packages** **Lo Quality of Print on Packages**



Construct: 60  
Similar Pole      Contrast Pole  
**Hi Degree of On time delivery**      **Lo Degree of On time delivery**

Construct: 61  
Similar Pole      Contrast Pole  
**Hi Degree of Order Accuracy**      **Lo Degree of Order Accuracy**

Construct: 62  
Similar Pole      Contrast Pole  
**Hi Degree of Efficiency in Arranging Transportation**      **Lo Degree of Efficiency in Arranging Transportation**

Construct: 63  
Similar Pole      Contrast Pole  
**Hi Degree of Efficiency in Order Handling**      **Lo Degree of Efficiency in Order Handling**

Construct: 64  
Similar Pole      Contrast Pole  
**Factories are Near**      **Factories are NOT Near**

Construct: 65  
Similar Pole      Contrast Pole  
**Hi Degree of Integration between the Production and Finance Functions**      **Lo Degree of Integration between the Production and Finance Functions**



## **APPENDIX TO CHAPTER 7**

**Containing dentric analysis print outs from Enquire Within™ for all respondents in Round 1 interviews**

**Appendix 7.A - Aphrodite 1**

**Appendix 7.B - Aphrodite 2**

**Appendix 7.C - Aphrodite 3**

**Appendix 7.D – Athena 1**

**Appendix 7.E - Athena 2**

**Appendix 7.F - Athena 3**

**Appendix 7.G - Athena 4**

**Appendix 7.H - Athena 5**

**Appendix 7.I – Demeter 1**

**Appendix 7.J - Demeter 2**

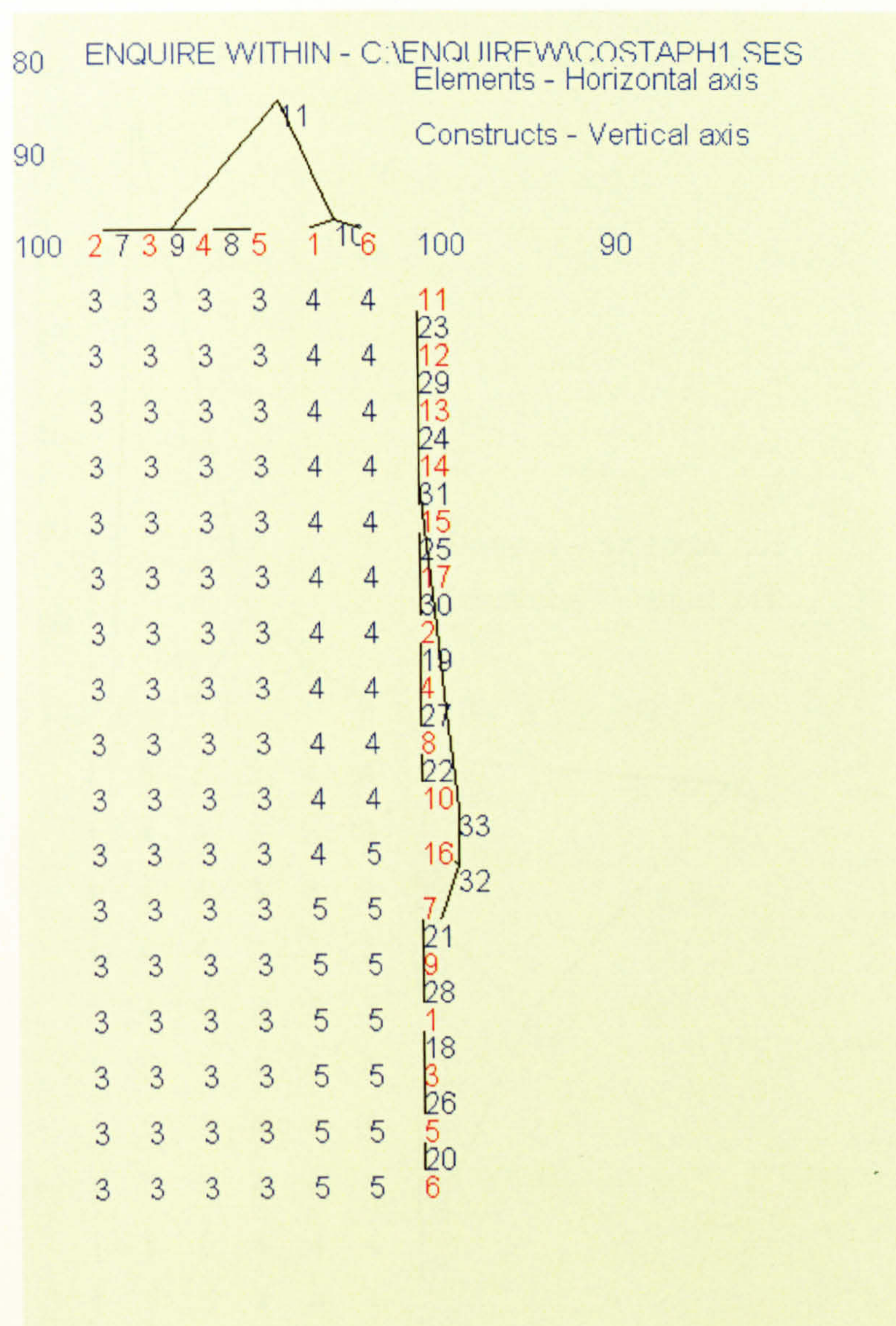
**Appendix 7.K - Demeter 3**

**Appendix 7.L – Hera 1**

**Appendix 7.M - Hera 2**

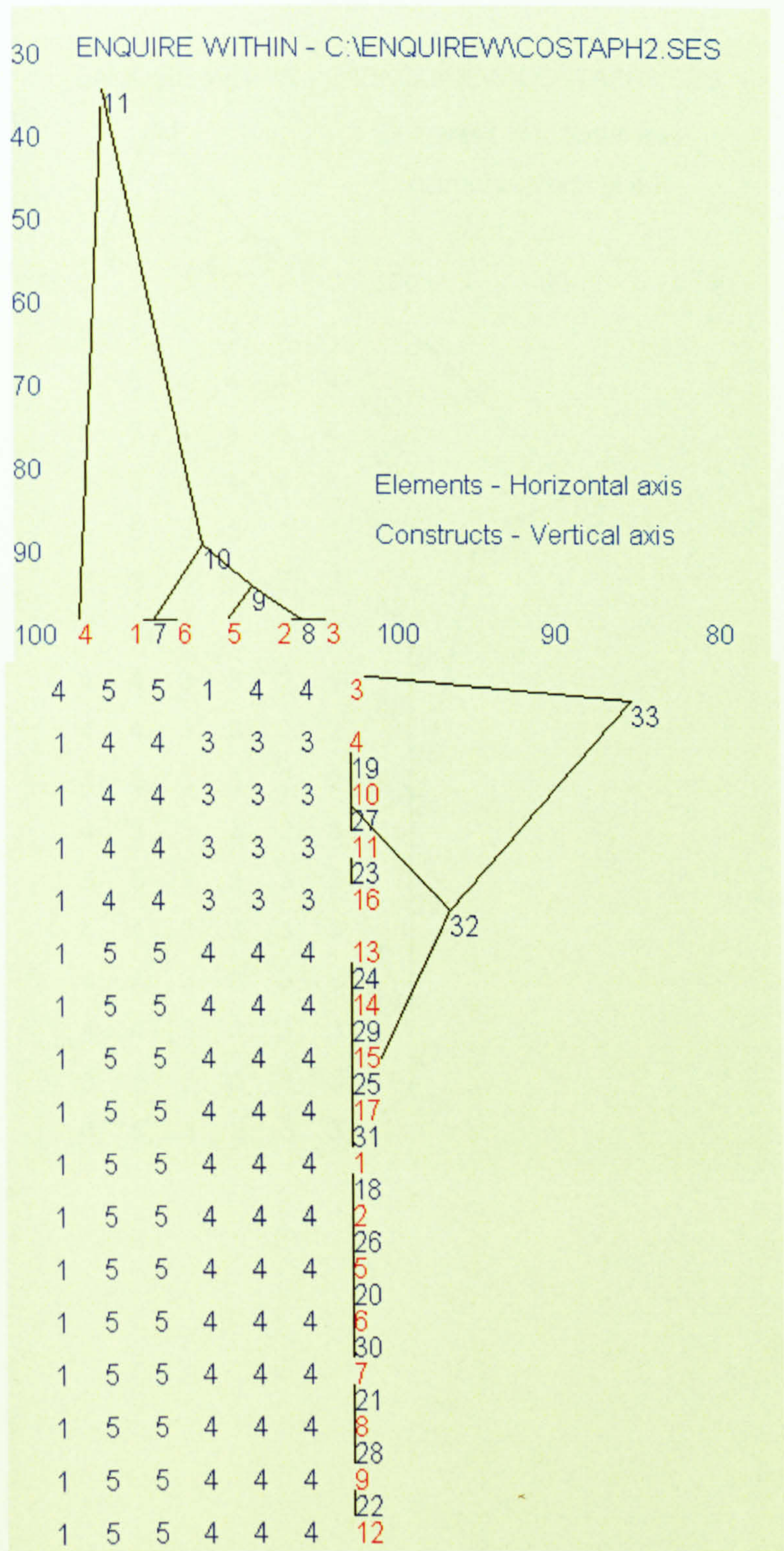


# **Appendix 7.A** **Dentric Analysis of Repertory Grid made by Aphrodite 1**



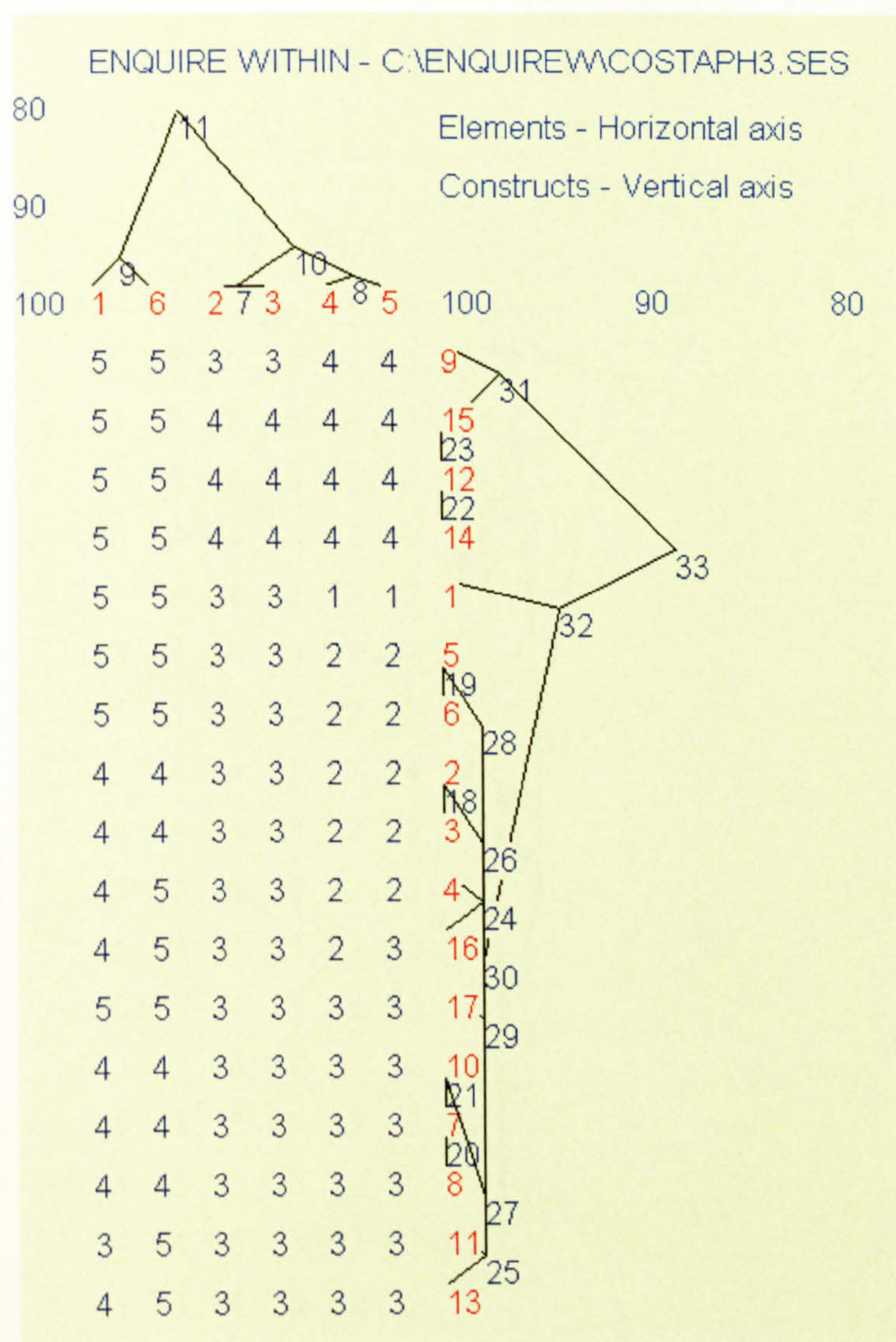


**Appendix 7.B**  
**Dentric Analysis of Repertory Grid made by Aphrodite 2**



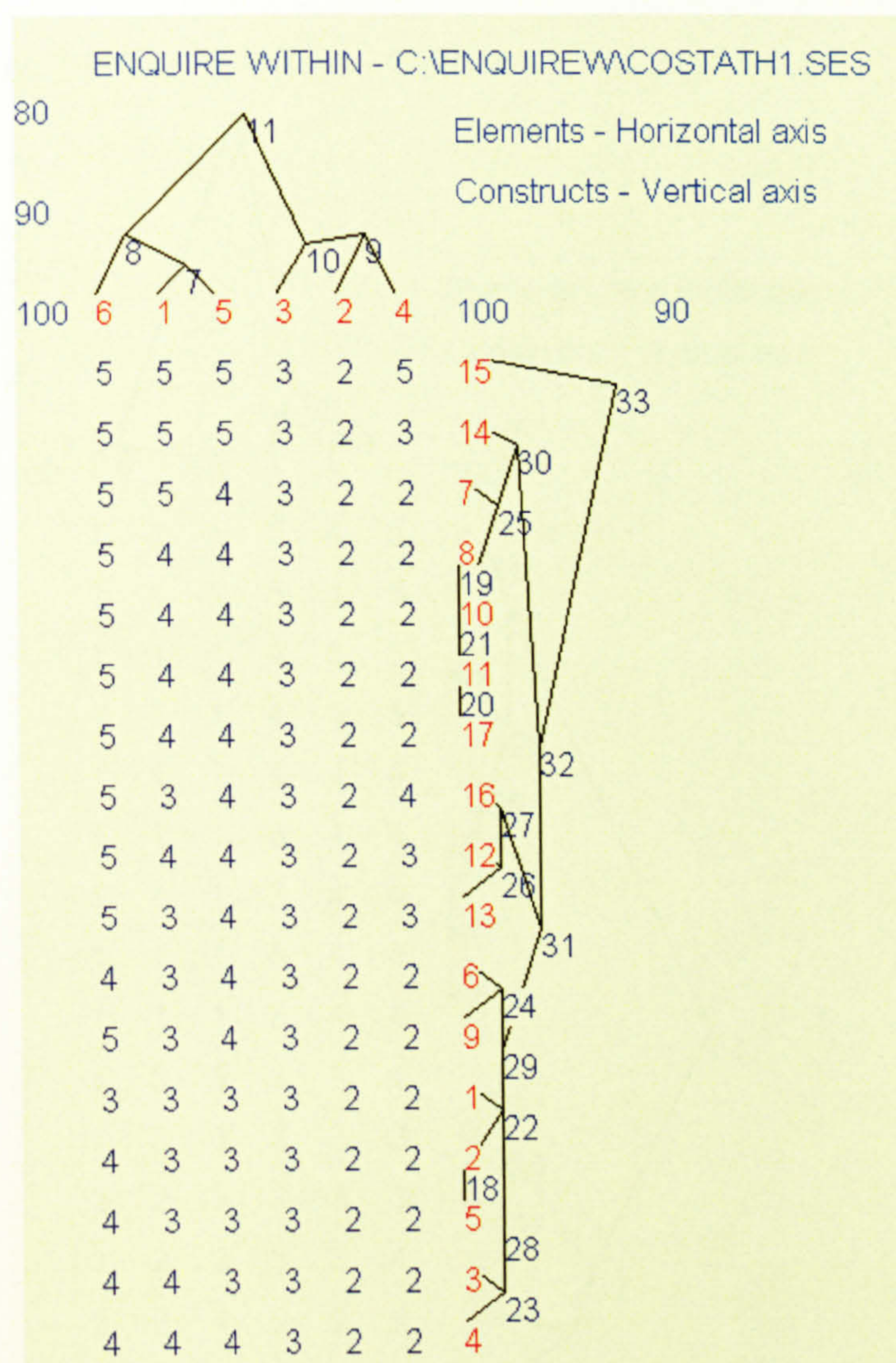


# **Appendix 7.C** **Dentric Analysis of Repertory Grid made by Aphrodite 3**



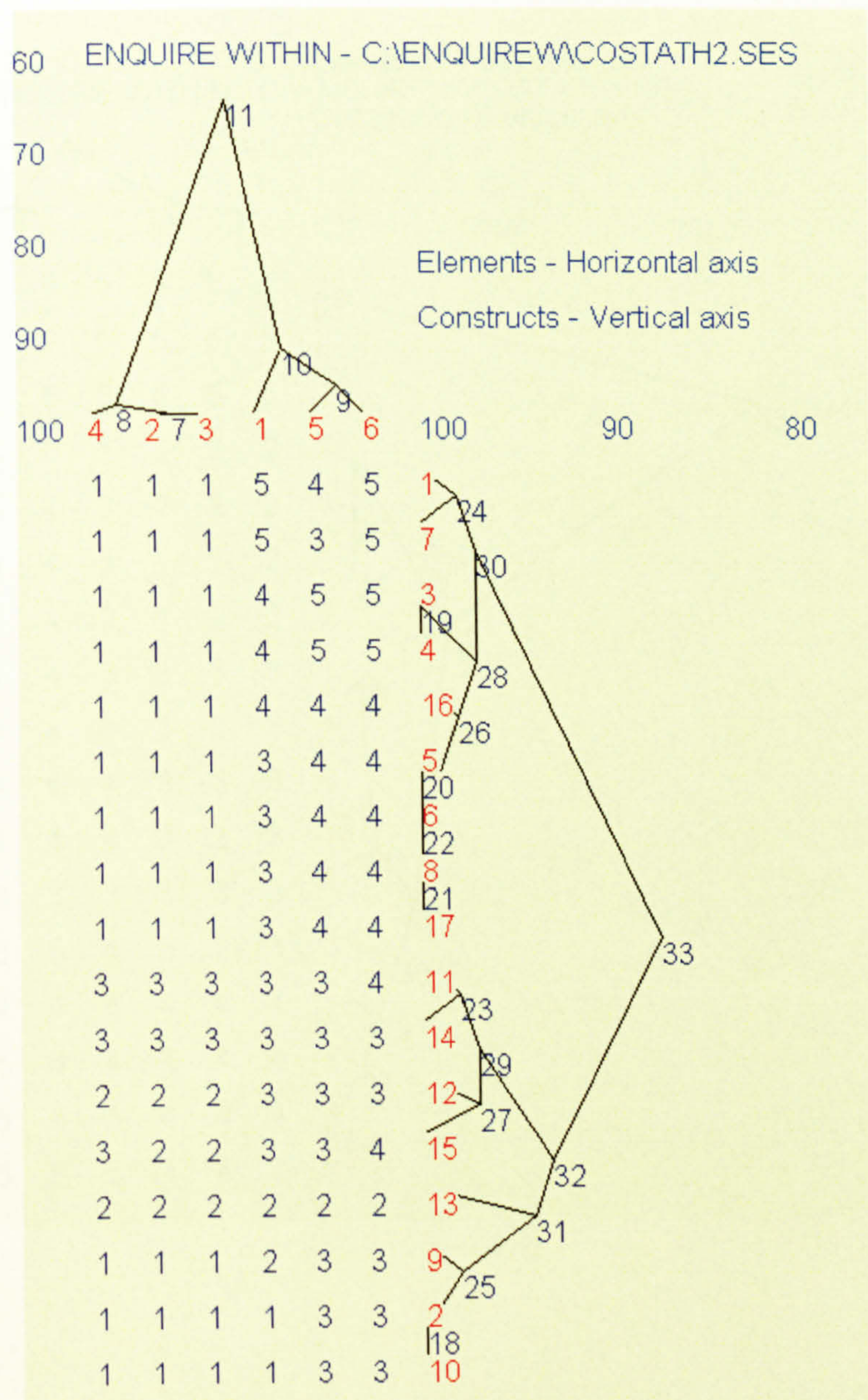


# **Appendix 7.D** **Dentric Analysis of Repertory Grid made by Athena 1**



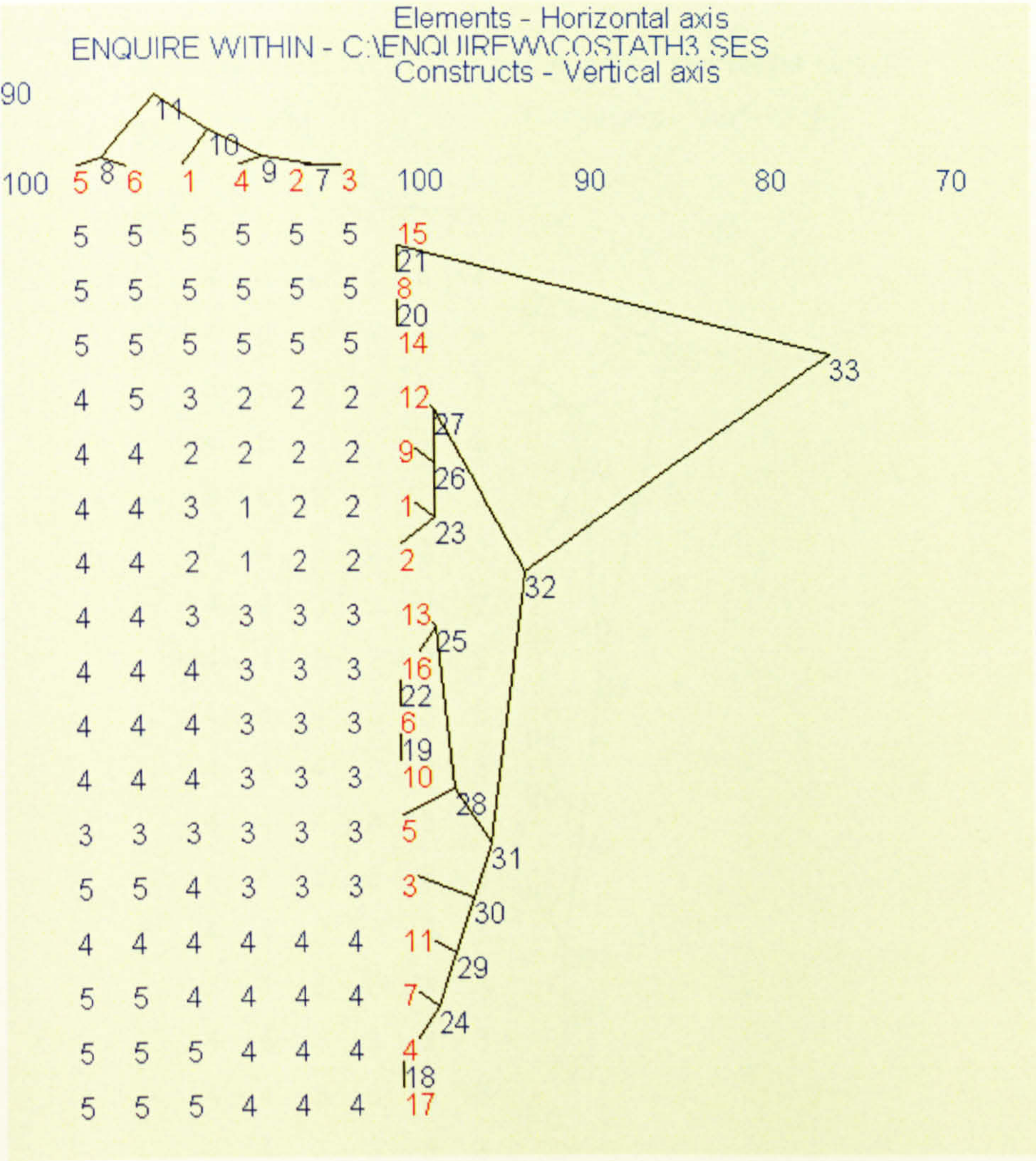


# **Appendix 7.E** **Dentric Analysis of Repertory Grid made by Athena 2**



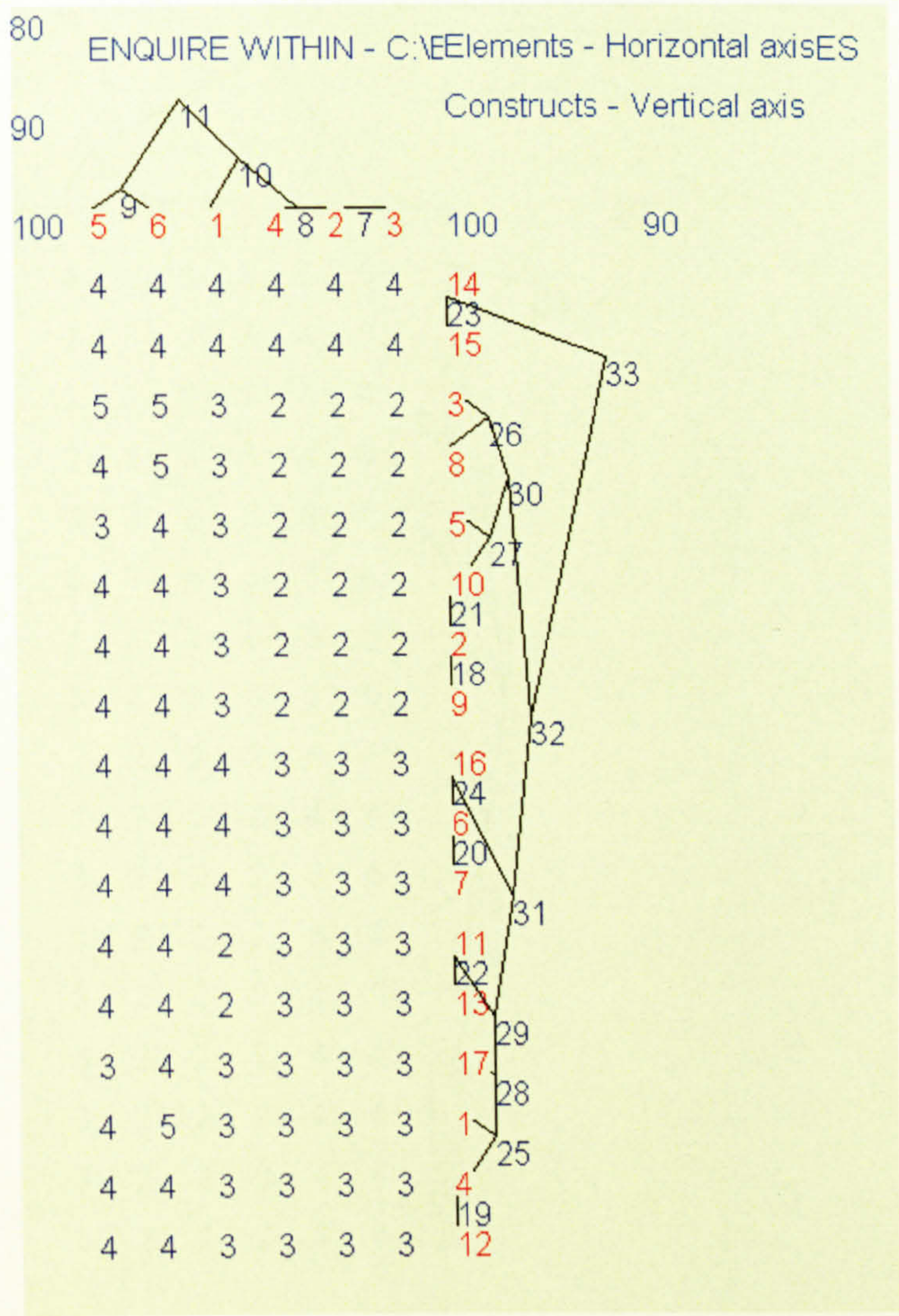


# **Appendix 7.F** **Dentric Analysis of Repertory Grid made by Athena 3**



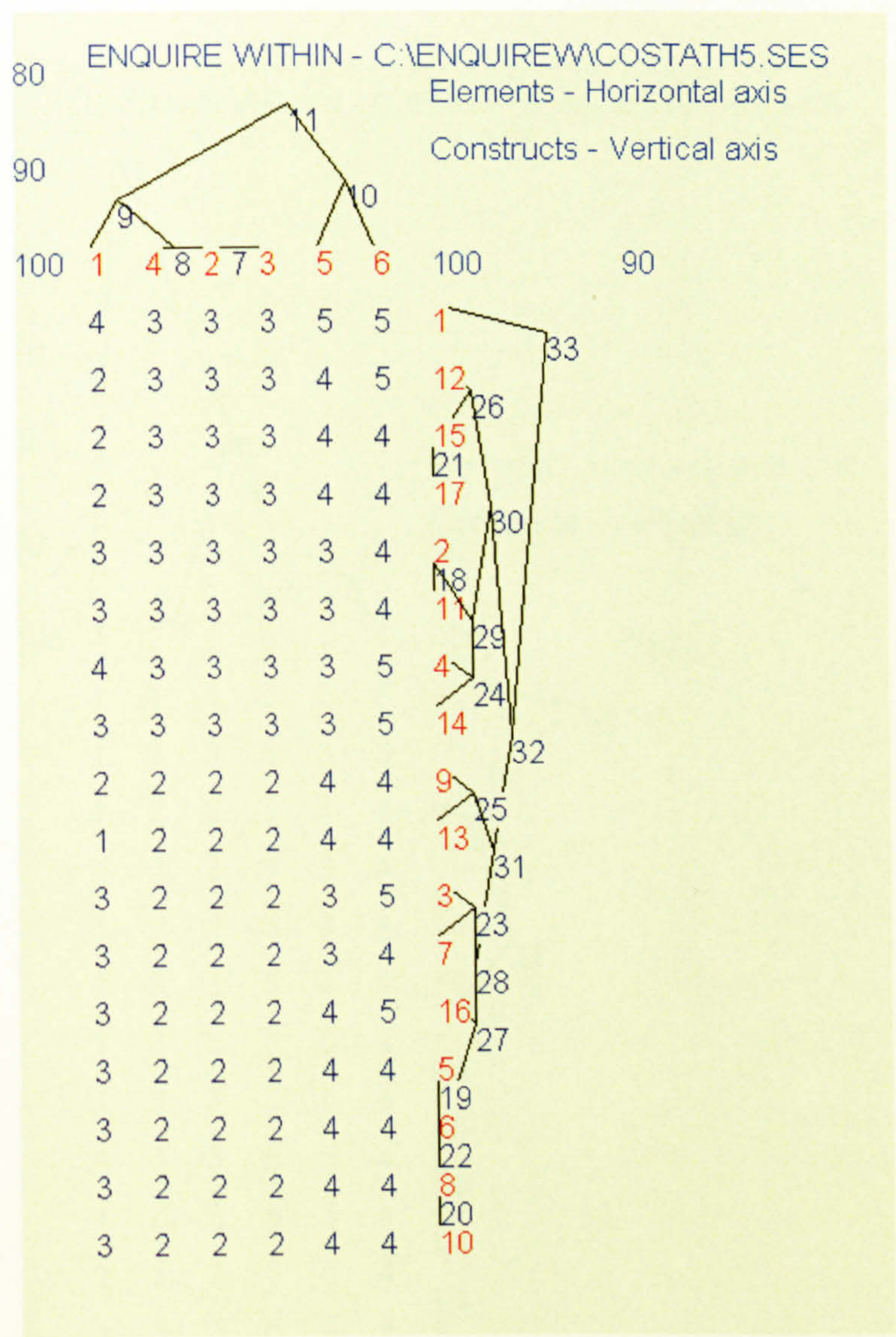


**Appendix 7.G**  
**Dentric Analysis of Repertory Grid made by Athena 4**





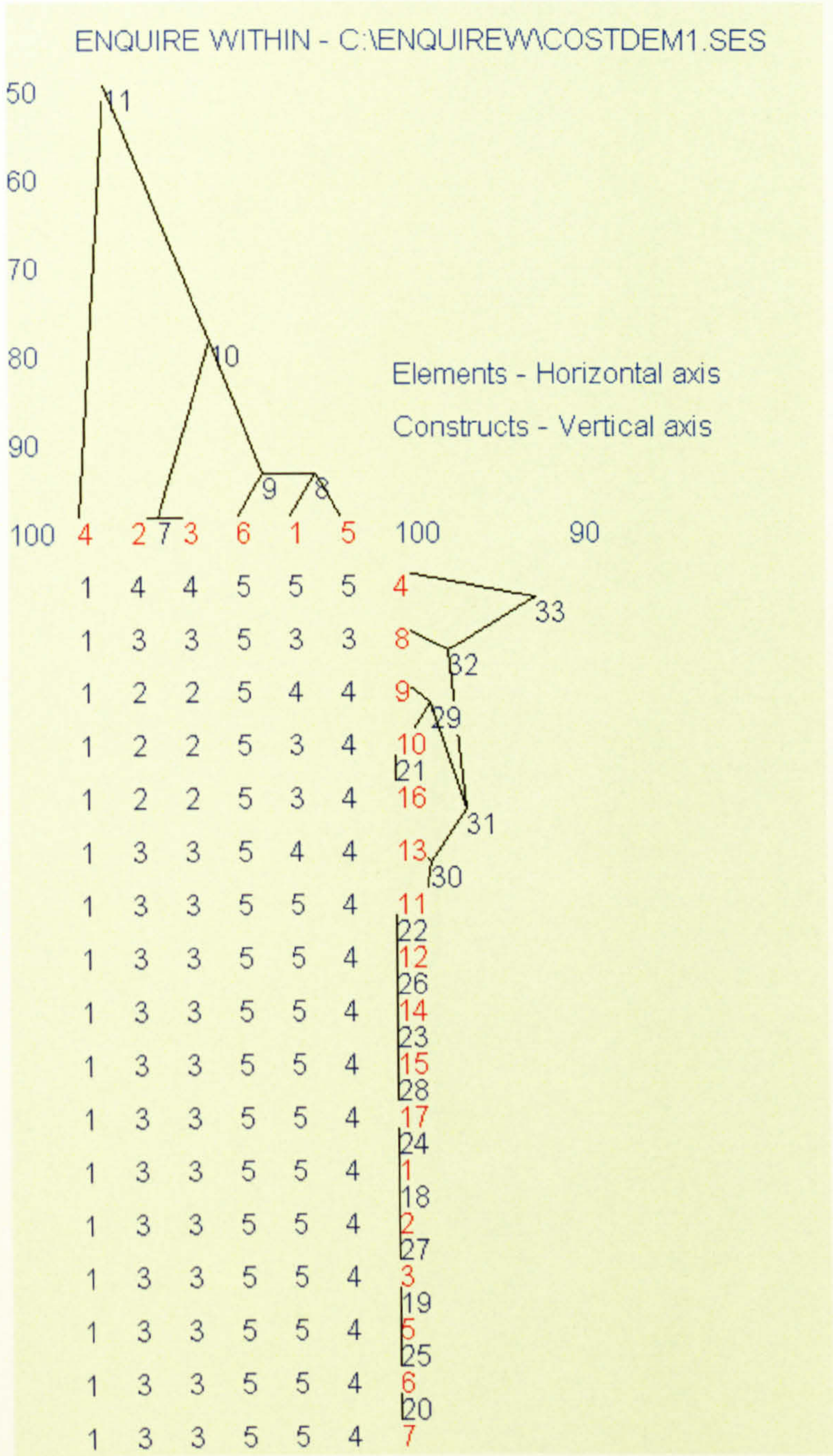
**Appendix 7.H**  
**Dentric Analysis of Repertory Grid made by Athena 5**





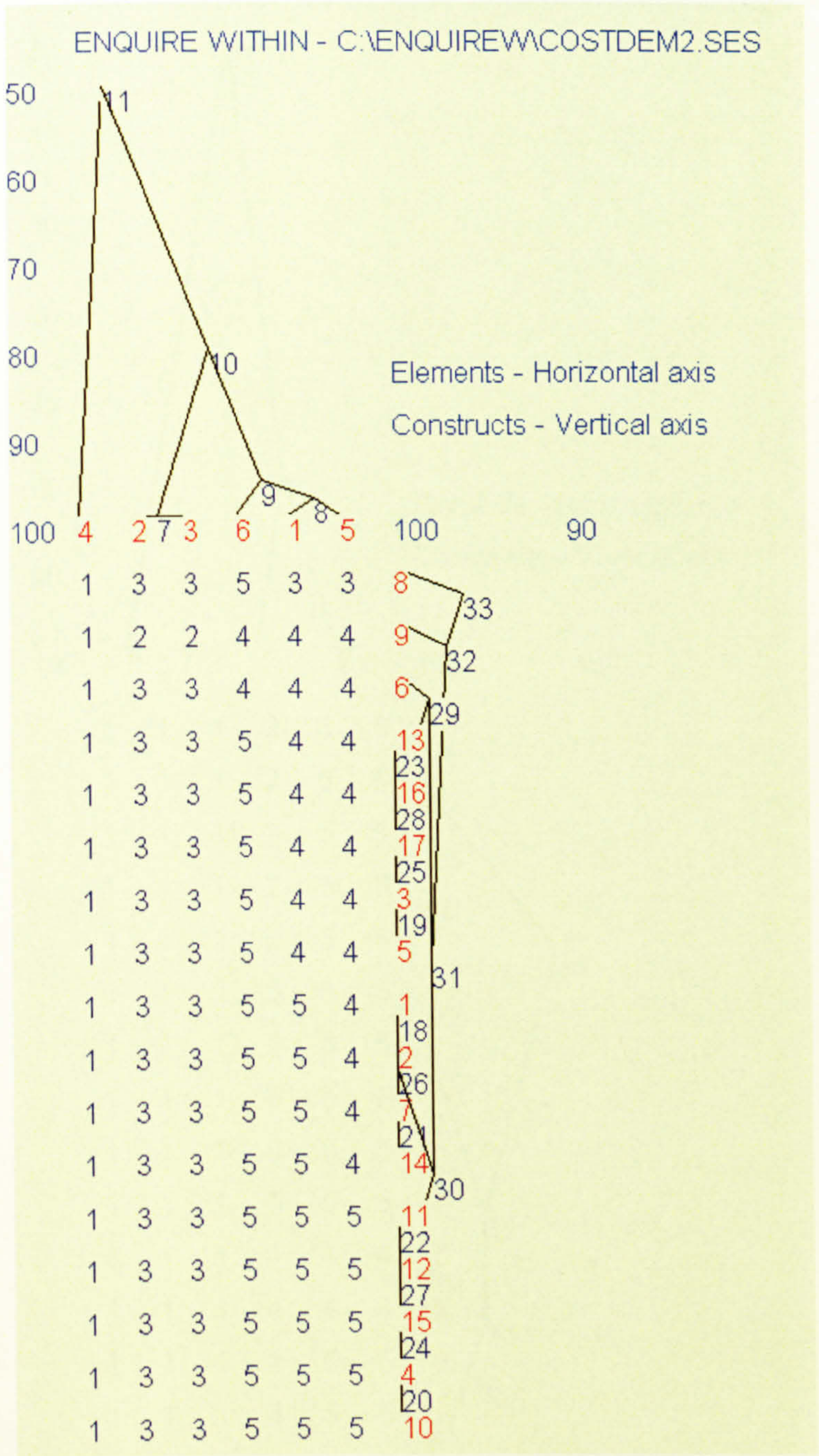
### **Appendix 7.1**

#### **Dentric Analysis of Repertory Grid made by Demeter 1**



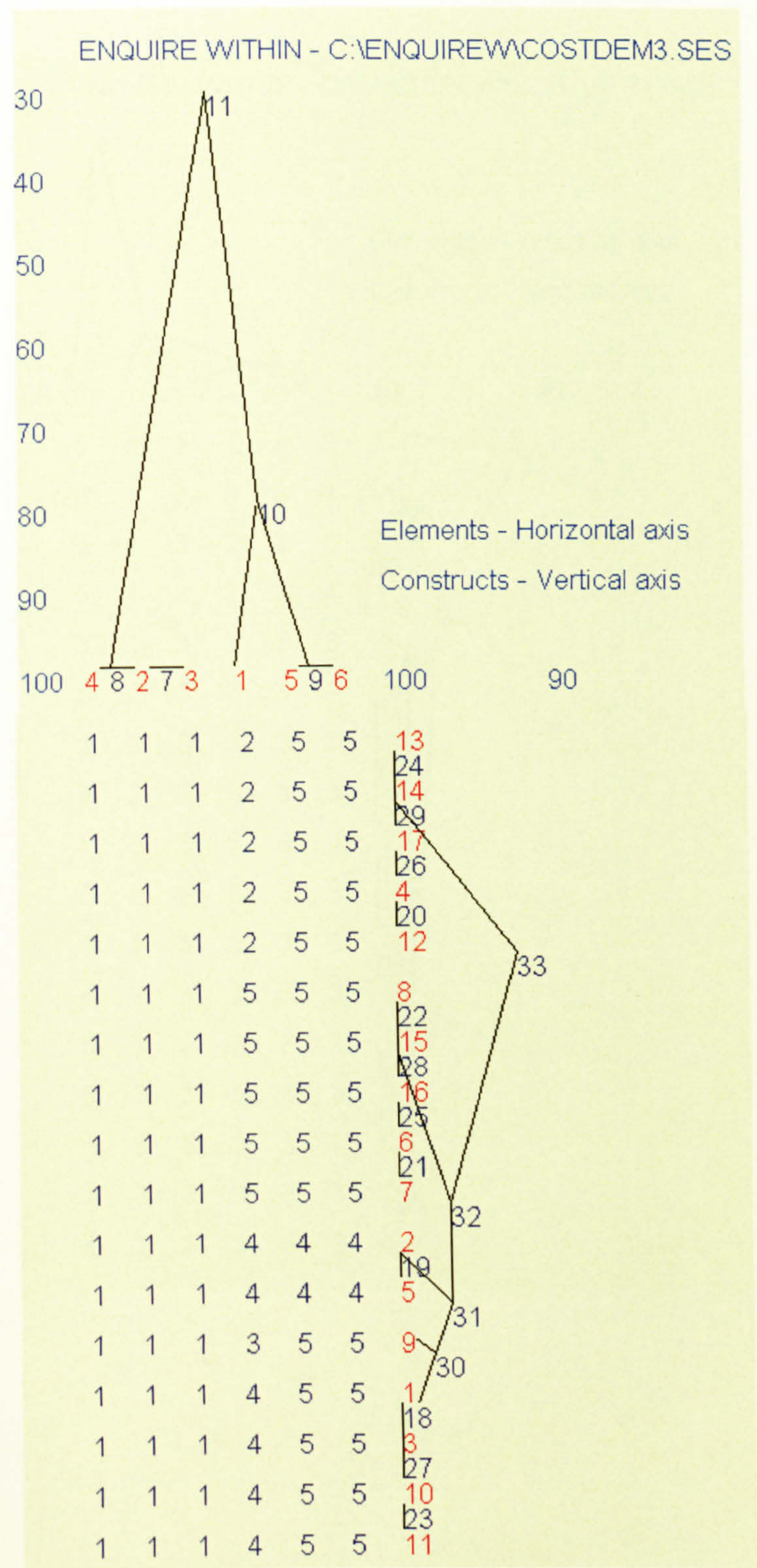


**Appendix 7.J**  
**Dentric Analysis of Repertory Grid made by Demeter 2**





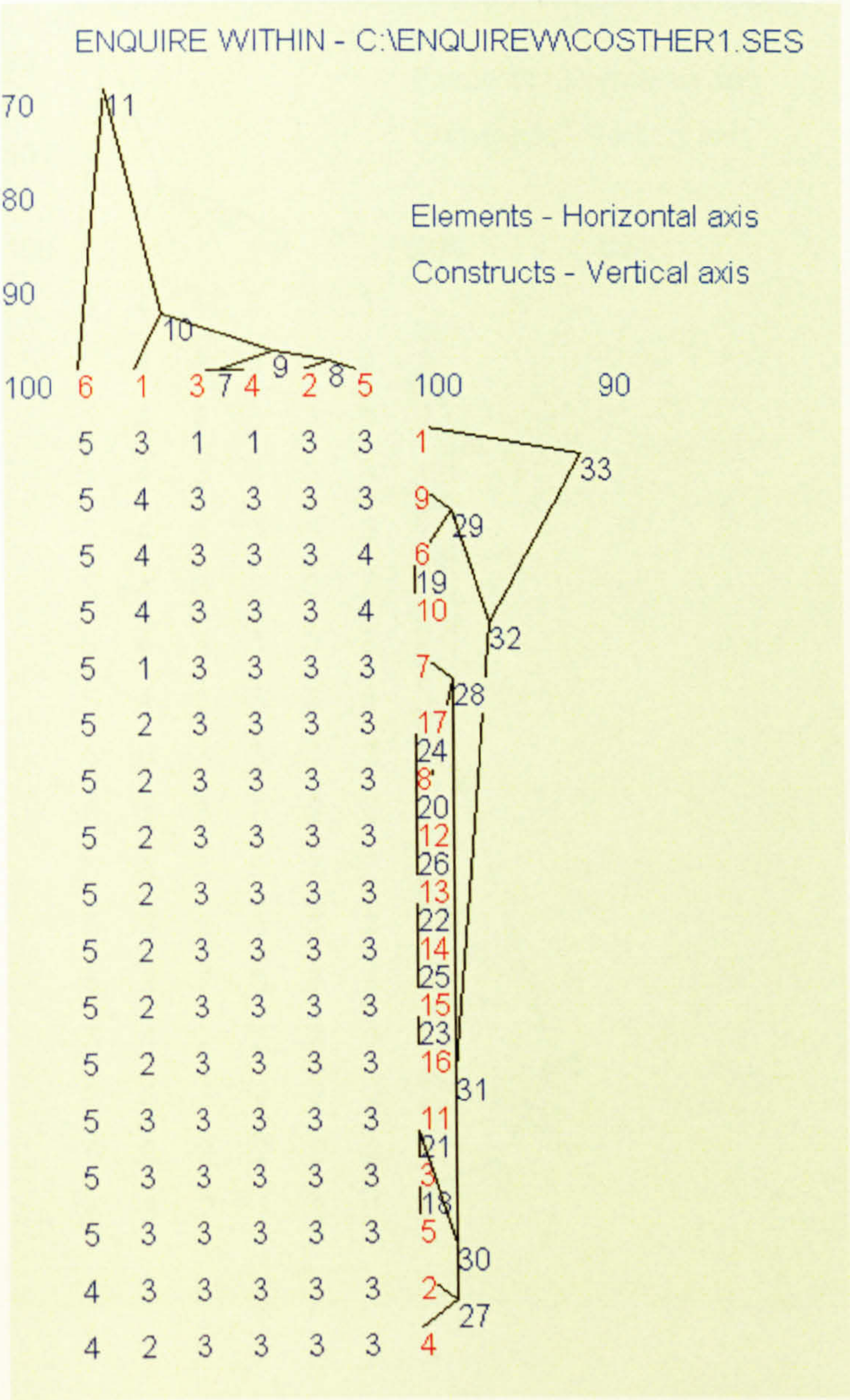
**Appendix 7.K**  
**Dentric Analysis of Repertory Grid made by Demeter 3**





Appendix 7.L

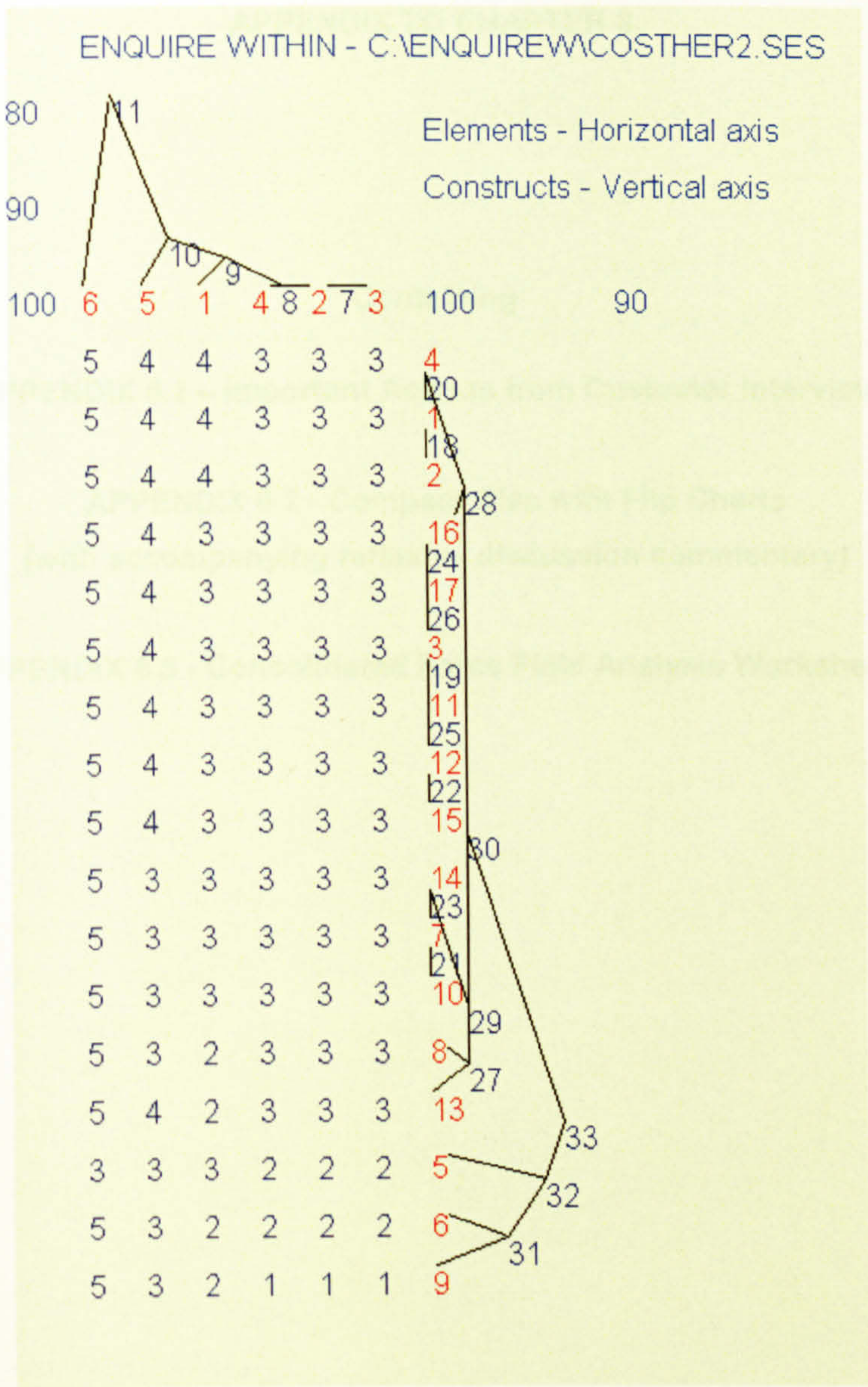
Dentric Analysis of Repertory Grid made by Hera 1





## Appendix 7.M

### Dentric Analysis of Repertory Grid made by Hera 2





## **APPENDIX TO CHAPTER 8**

### **Containing**

**APPENDIX 8.1 – Important Actions from Customer Interviews**

**APPENDIX 8.2 - Compact Disc with Flip Charts  
(with accompanying reflexive discussion commentary)**

**APPENDIX 8.3 - Consolidated Force Field Analysis Worksheets**



**APPENDIX 8.1**  
**Important Actions from Customer Interviews**



Customer: Aphrodite

Total Number of Important Actions listed: 9

**Important Action Comments**

- (1) The Technical support team should consist of more people.
- (2) Improve quality of Technical support, by increasing the level of training and expertise of the technical staff.
- (3) Reduce the cost of the Spare Parts.
- (4) Reduce prices of packaging material.
- (5) Reorganisation of the factory using new machines.
- (6) Reorganisation of the factory using new machines with cap and ameliorate the process of 'processing'.
- (7) Investigation of the packaging material provided by the Italian factory.
- (8) Support to the Marketing Department due to the reorganisation of the company and the need of new artworks, advertising support, promotion support etc.
- (9) Assist Aphrodite in conducting advertising and promotions.

**Construct to which Important Action is attributable**

- Quality of Technical Service
- Quality of Technical Service
- Value for Money
- Value for Money
- Strategic Alignment
- Strategic Alignment
- Product Quality
- Support of Marketing Dept.
- Support of Marketing Dept.

Appendix 8.1  
**Listing of Important Actions from customer interviews and their attribution to appropriate constructs**



Listing of Important Actions from customer interviews and their attribution to appropriate constructs

Customer:           Athena		
Total Number of Important Actions listed: 15		
<u>Important Action Comments</u>	<u>Construct to which Important Action is attributable</u>	
(1) The factories should be more flexible concerning the production of packaging material and the lead times.	Lead Times	
(2) Reduce lead times of packaging materials.	Lead Times	
(3) Spare parts should be locally available from you, so that there are no spare parts in Athena's premises.	Lead Times	
(4) Reduce lead-time for the pre press activities and for the packaging material.	Lead Times	
(5) Improve pricing, reduce minimum order level.	Value for Money	
(6) You need to provide Athena with innovative machines and products. Competitors already outperform you.	Innovation	
(7) Release of a new innovative product that will lead the market.	Innovation	
(8) Product portfolio enhancement	Innovation	
(9) More flexible package wise, a smaller company is more flexible than you.	Product Breadth / Range	
(10) Redesign machines in order to handle multiple package sizes.	Operational Efficiency / Product Quality	
(11) Increase your Global flexibility.	Customer Service	
(12) Customer oriented services, to be closer to Athena would improve order information and status	Customer Service	
(13) The introduction of Key Account Manager.	Customer Service	
(14) You should persuade Athena that Athena can trust you. I have a strong need for confidential.	Strategic Alignment	
(15) Create a common business plan that stays within your company and Athena.	Strategic Alignment	



Customer: Demeter  
Total Number of Important Actions listed: 8

Important Action Comments

Construct to which Important Action is attributable

(1) Need for cost reduction in relation to working capital (stock level, lead time, change over time) and packaging material prices.

Value for Money

(2) Decrease spare parts prices.

Value for Money

(3) Product Quality Assurance - need for continuous R&D to check on packaging materials quality and effects on products and the development of new cartons free of dangerous substances.

Product Quality

(4) Need to anticipate market trends.  
Product life cycle is reducing.

Innovation

There is an urgent need to increase number and speed of innovation.

(5) Innovate machines and give perspective of when they could be available.

Innovation

(6) Provide an absolute clarity of the capability of their machine for 4 new products.

Strategic Alignment

(7) Improve equipment flexibility.

Operational Efficiency

(8) Decrease packaging material lead-time.

Lead Time

Appendix 8.1 (cont.)  
Listing of Important Actions from customer interviews and their attribution to appropriate constructs



Appendix 8.1 (cont.)

Listing of Important Actions from customer interviews

and their attribution to appropriate constructs

Customer: Hera		
Total Number of Important Actions listed:	6	
<u>Important Action Comments</u>	<u>Construct to which Important Action is attributable</u>	
(1) TP should provide us with cost reduction proposals both for packaging material and machines.	Value for Money	
(2) Decrease packaging prices.	Value for Money	
(3) Improve Equipment Efficiency and Flexibility.	Operational Efficiency	
(4) Inform us on innovative products and increase speed of innovation.	Innovation	
(5) Timely information on innovative products as well as quick launching.	Innovation	
(6) Improve Technical support.	Quality of Technical Service	



## **APPENDIX 8.2**

**Compact Disc with Flip Charts  
(attached to inside back cover of binding)**

**Accompanying Reflexive Discussion  
(on next page)**



## **Reflexive discussion of the contents of flip charts constituting**

### **Appendix 8.2**

A number of flip charts were created during the second phase (see Figure 8.1) of the group reflective process on interview data from Cycle 1. The tangible objective of this process, it will be recalled, was the establishment of an action plan for interventions to be implemented with each of the four customers participating in this research. The charts were the output of the second and third levels of analysis made during this phase of the group reflection and this method of recording data was used to facilitate discussion and to document the progress of the reflective process itself. The flip charts that were made during the meeting were subsequently digitally photographed for use in this Appendix.

In order to facilitate the scrutiny of the flip charts by the reader I have annotated them electronically using the Imaging for Windows ® program written by Kodak which is bundled with Windows 2000. It is these annotated images that constitute this Appendix and which may be viewed using Microsoft Internet Explorer, Version 5.

The annotations to the flip charts have been made in three steps. Firstly, in order to facilitate the reading of some, at times, almost illegible text, I have copied all the manuscript that makes up the charts. Secondly, I have recorded my own comments on the contents of the charts. These are my ideas or observations that arose, once the meeting was over, as I read over the charts repeatedly to try to understand their implications for me as both practitioner and researcher. These comments are differentiated from the original text by their yellow background. Wherever helpful and appropriate I have referred to my 'yellow notes' in the discussion below. As the final step in the process of annotating the charts, I blacked out text that would impair the confidentiality of this research.

Since, during the discussion, each customer was dealt with in turn, this Appendix groups most of the annotated flip charts by customer. However, it is important to note that the flip charts were not necessarily created consecutively. It transpired during the meeting that there was not a single structured flow to the discussion of problems for resolution by customer. When talking about some customers, it appeared easier to go straight through from the moment of problem definition onto a discussion and evaluation of ideas for resolution whilst when discussing other customers, the moment at which a problem was defined was often a moment calling for a break in discussion and another period of individual thought before the group discussion was undertaken again. Whichever route was adopted, the progress of the evolution and evaluation of ideas was once again encouraged through, and recorded by, use of the flip charts.



At some points of the discussion, charts were established to capture the sense of the debate on important constructs. This Appendix includes three charts documenting the progress of a discussion on the meaning of the Value for Money construct to customers generally and one chart which addresses the possibility of a joint approach to the Innovation construct with Athena and Hera. Again I should mention that there was no clear step process from ideas to actions either when discussing customers or constructs. Rather the whole discussion during the meeting ebbed and flowed, made use of personal thinking time in addition to group discussion during which flip charts were amended and scribbled upon as a means of achieving the underlying goal of identifying activities to be undertaken with each customer.

### **Aphrodite – 2 flip charts**

Both of the charts for Aphrodite concentrate on the respondents' desire that my company become more intimately involved in their day-to-day marketing activities. The discussion around Aphrodite spent much time considering the causes for this approach by the customer's managers. The tone of the discussion was in the great part sympathetic to the customer and his wider problems but always came around to a very clear conclusion. The charts register (Aphrodite Chart 1) that my managers are quite clear that the real reason for this call for help on the part of the customer is the respondents' own failure to address marketing as a coherent subject and an implied belief that my company is able to assist financially in these matters.

When shifting attention to actions to be taken, the charts list a number of ongoing initiatives that my company has already undertaken with the customer. However, my personal reflection, made in annotations (Aphrodite Chart 2), is that although these ongoing activities represent significant support to the customer, they do not necessarily deal directly with the respondents' overwhelming desire for help in marketing. I make the point that the use of a dedicated salesman may be a way to deliver the kind of support that the customer really wants. However, in my 'yellow notes' I also raise the question of how closely my company may wish to become operationally involved with Aphrodite.

Overall, Aphrodite is a customer that my managers feel positively disposed to, but we must all be aware of how easy it will be, when implementing the eventual interventions, to move beyond a legitimate customer / supplier relationship and stray too far toward familiarity.



### **Athena – 9 flip charts**

The discussion traced on the charts is dominated by consideration of the subject of innovation and of key account management. These are activities that my 'yellow notes' recognize must be taken further as the research progresses. There is also some evidence (Athena Chart 7) of discussion having taken place on barriers that must be overcome for successful implementation of interventions. The outcome of this discussion, as I interpreted it on a 'yellow note', was that our own organisation must consider the level, and by implication the nature, of its internal knowledge in order to overcome likely barriers with this customer and must be ready wherever necessary to make use of outside help.

Most encouragingly there is evidence in the charts of the participants in the group reflective process attempting some analysis of ways in which we might influence the views of Athena's managers (Athena Charts 2, 5 and 6) and of the likely consequences of our interventions on the broader value chain that my company inhabits (Athena Chart 8). This inclusion of contingencies and charting of possibilities seems to me to lay at the heart of the reflexive process and its manifestation here sustains me in my view that the meeting really did succeed in attaining its first objective which, it will be recalled, was that the management group should have an appreciation of the problems facing my company.

The last chart (Athena Chart 9) includes my observation that a simple listing of my company's current initiatives with Athena looks to be weighted towards activities that are objective in nature. It will be recalled that Athena's managers suggested Important Actions in the Cycle 1 interviews that earlier in the group reflective process had been classified as predominantly subjective in nature. I have come to the view that whilst the objective actions that are underway with Athena must be continued, there clearly is room for emphasis on the subjective side of our relationship. I expect to keep this observation to the fore throughout the remainder of this research when dealing with Athena.

### **Demeter – 8 flip charts**

My 'yellow notes' to the flip charts dealing with this customer are characterised by a concern for very practical issues. For example, pricing by both my company and our competitors took up much time during the discussions. Clearly pricing of itself is an issue with Demeter's managers (Demeter Charts 3, 4 and 5) but the management group framed much of the discussion on the topic in terms of the Value for Money construct (Demeter Charts 2 and 6). Upon reflection, this emphasis on the practical and on value typifies much of my daily interaction with this customer. Indeed, I noted in Demeter Chart 7 that Value for Money perceptions could be the key to influencing the customer's



opinion of us on other constructs as well. This is something that I must keep in mind throughout this research.

Nevertheless, it is also evident from the text of the charts, and my annotated comments, that the subjects of innovation (Demeter Chart 2) and key account management (Demeter Chart 8) were believed by the management group to play a central role in the way Demeter's respondents perceive my company. Interestingly though, the discussion of these two 'subjective' constructs is recorded on the charts in practical terms, for example innovation is strongly linked to the discussion on pricing and to gaining an understanding of what represents value for this customer (Demeter Chart 2) whilst key account management is seen as a means by which communications generally may be improved between our companies (see Demeter Chart 8).

On Demeter Chart 6 I make a 'yellow note' that draws attention to the language in which the discussion was being couched. I noticed the use of the word 'educate' in the text of the chart in relation to our interaction with the customer and in my note hoped that this did not have any coercive undertones. As I write these remarks to accompany this Appendix, still more time has elapsed since I made the annotations to the charts and I am now satisfied that my managers are indeed approaching matters with this customer in a spirit of 'demonstration' and 'illustration' as I had hoped.

### **Hera – 7 flip charts**

The main impressions emanating from this set of charts is my managers' acceptance that there is an operational problem with equipment at this customer's factory which must be dealt with. I consider this to be a very positive outcome since the acceptance of the existence of a technical problem may be taken as further evidence that the first objective of the Pentelikon summit was fulfilled.

The way in which possible routes towards resolution of the problem were addressed also causes me to feel optimism about the eventual effectiveness of our interventions. There is evidence of some radical thinking by the group (Hera Chart 3) in terms of substituting the existing system for another, which might prove less technically problem prone. However, there is also solid talk during the discussion of improving training and communication flows between the two companies (Hera Charts 1 and 5). The technical problems manifest at this customer make the topic of innovation also one of importance and indeed it was raised during the discussion (see Hera Chart 7).

There is also some indication (see Hera Chart 6) that my staff are concerned that their counterparts at Hera have a negative attitude to the change process that is planned and



I must not lose sight of this potential impediment to successful implementation of the interventions at Hera as the research progresses.

### **Discussion of the Value for Money construct**

The first of the three charts (VoM Chart 1) emanating from discussion on this subject shows that the management group immediately turned their attention to the basis of comparison by which 'value' is judged and which must be understood in order to appreciate the customers' benchmark. However, in a 'yellow note' I take the view that the chart itself does not succeed in reflecting the richness of the discussion as I recall it which is disappointing as the need for an awareness of what the customer means by 'value for money' is recognised elsewhere in this work. The depth of the continuing discussion is better captured by the remaining charts (VoM Charts 2 and 3) of this set, the last of which seems to show that the group grasped the nettle of considering objective actions that could be implemented by my company in order to improve the perception by the customers of the value we offer.

### **Discussion of the Innovation construct in the context of Athena and Hera**

This chart notes the outcome of discussion on the similarities between issues raised by Athena's managers and those of Hera in the area of the Innovation construct. It maps out the flow of a discussion about root causes and possible actions to address the problems raised by these two groups of respondents. Some of the statements recorded on the chart may be viewed as both root causes and as foundations for future action. The paragraphs below illustrate how the discussion developed around each of the pieces of text from the chart.

#### ***a) 'Communicate strategy of innovation'***

First noted as Point 1 on the chart (see plain numbering) the statement is, after further group discussion, rated as first in importance amongst all the other statements. This is registered by the yellow highlighted figure '1' on the chart. A further round of discussion seems to have brought about consensus among the management group that this is the pre-eminent root cause of problems and simultaneously the most promising action area for successful future interventions (see the bracketed star).

#### ***b) 'Thought process of consumer'***

This text was added to the chart after discussion on the statement above gave rise to the view that, in addition to communicating our own company's innovation strategy, we might also take it upon ourselves to understand and communicate to our customers innovations that are being consumer driven. After further discussion



this idea was ranked with second order importance (see yellow highlighted '2' on the chart).

c) *'Understanding needs for innovation'*

This statement was posted as Point 2 in the first round of discussion (see plain numbering). In further discussion it was assigned second order importance (see yellow highlighted '2' on the chart).

d) *'Exceed (customer) expectations'*

Posted as Point 3 in the first round of discussion (see plain numbering) this statement did not receive much attention in further discussion, as it was felt to be a statement of the obvious.

e) *'Linking the strategies of customers and our company with a common language'*

Posted as number 4 in the first round of discussion (see plain numbering), this statement was assigned second order importance in further discussion (see yellow highlighted '2' on the chart).

f) *'Inability to fill certain innovation gaps, create an impression that we are behind our competitor. Since (because) the company (ours) has not focused on niches.'*

Posted as number 5 in the first round of discussion (see plain numbering) this statement was assigned the highest importance in further rounds of discussion (see highlighted '1' on the chart). The final sentence (*Since...*) was added (see slight colour difference in writing on the reproduction) during further discussion as an attempt to explain why the gaps have emerged in the first place.

The importance of this chart is, I believe, that it brings together the discussion of issues concerning two of the participating customers and views them through the perspective of a construct that is central to this research. The flow of the discussion, demonstrated above, gives rise to the development of ideas in terms of complexity and to a refinement of priorities for future actions. From a researcher perspective such an outcome would seem to be evidence of the continuation of the reflexive process whilst from a practitioner view is a very useful precursor to establishing actions to address problems covered by the innovation construct.

### **Overall Interpretation of 30 flip charts**

I have said in the introduction to this commentary that I have read the text of the flip charts many times in order to try to understand their implications for me as both practitioner and researcher. As a result of these multiple readings I have at length deduced that, in the research context of this work, the significance of the thirty charts as



a collection lies in the way in which they represent the moment of head-on collision between the management group and the views of our customers.

Earlier phases of the group reflective process and its constituent parts, which are described in Chapter 9, merely lead the group up to this moment of truth when the mood of participants began to turn from a focus on analysis to a desire for action and when the project indeed became an undertaking in 'action research' for my co-researchers as well as myself! I feel that this transformation in the style of the group reflective process is captured in the charts of this Appendix.

Indeed, subsequent parts of the group reflective process (see Figure 8.1 in the body of Chapter 8) may be seen as a retreat from this moment of stimulation back into the quieter avenues of contemplation. This is not to detract from the validity of other parts of the reflexive process described in Chapter 8 but rather to recognize that without the moment of confrontation captured in the charts of this Appendix, the final outcome of the analysis, the action plans for each customer, would be that much poorer in their content.

From a practitioner perspective the importance of the charts in this Appendix lay in their testimony to the vitality of the management group and its willingness to get involved in practical issues concerning our customers' perceptions of our company. As Chapter 8 runs towards its conclusion and goes on to report the tangible outcome from the three phases of the group reflective process in terms of action plans for each customer participating in this research, so it will fall to the participants of the Pentelikon summit to implement the actions with each customer. This will be a difficult task requiring an understanding and commitment from the management group that is evident to me as I consider the charts from a practitioner perspective.



## **APPENDIX 8.3**

### **Consolidated Force Field Analysis Worksheets**



Appendix 8.3  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area:Information flow through a Key Account Manager

Matching Construct:Customer Service

Int. Participants:Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)

Ext. Participants:Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+)		Inhibiting Forces (-)
We have already done much to specialise the commercial people according to customer - there is much less ad hoc answering of telephones now	*	This is not an inhibiting force but we need to get financial people and technical people involved in the first line of customer contact if we are to go towards KAM
Although this has come out as only one important action - it was mentioned in some way by many customers during the interviews and we recognise it	*	Vassilis wonders if the technical people will have the cross training needs to specialise in customers straight away
Phil says that it would be possible to split customer responsibility within the financial dept.	*	

Significant Driving Forces

We have already done much to specialise the commercial people according to customer so the process has started

Significant Inhibiting Forces

Do the technical people have cross training to start soon? Check.

Interpretation of Important Action Area as a 'Problem', based on review of forces

This is about a will to introduce KAM. Will we / won't we? When? Do we have a choice?

Ideas for resolution of 'Problem'		Evaluation of Ideas
Jean-Marc, Nick, Phil to look into the organisational implications and report back in 2 months	*	You have to start somewhere!
In principle though it is accepted that we must go this way.	*	



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Speed and Progress of Innovations to market  
Matching Construct: Rate of Innovation

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)  
Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+)		Inhibiting Driving Forces (-)
There is in recent months an initiative in the corporate headquarters to focus on Innovation.	*	There is a mismatch of expectation between customers and the company.
All interviewed customers have in the last year taken in an innovation from our company.	*	There is a mismatch of understanding of the meaning of the term 'Innovation'.
We have a story to tell in the development centres in Italy and Sweden.	*	We have not been able to match the requirement of Athena for a large size container - they got it from 'Supplier 5', our main competitor

We have a story to tell in the development centres in Italy and Sweden.

Significant Inhibiting Forces  
There is a mismatch of expectation between the customers and the company  
There is a mismatch of understanding of the meaning of the term 'Innovation'

Interpretation of Important Action Area as a 'Problem', based on review of forces  
Our product development process is blocked - we must address it at local level.  
There is a communication gap between the corporate HQ, us and the customer

Ideas for resolution of 'Problem'		Evaluation of Ideas
Design a process for a strategy for the introduction of new products	*	Needs internal thought and team work - but necessary for all customers
Frequent proactive discussions on products that are right for this market	*	Should be part of the way we do business and run the relationship
Training of our personnel on new products	*	Review all training needs of all personnel
Improve our market intelligence database	*	Then we can use this in our innovation story
Work with the development centres on Greek specific 'innovations'	*	Inward looking - will we have influence?
	*	We must work on this with the same teams as work with the customers



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Reduce Pre-press Times  
Matching Construct: Lead Time

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)  
Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

<b>Positive Driving Forces (+)</b> The Serbian Factory has now got its own repro. equipment in house - this should speed up any orders placed there.  We have already last year put most of our customers on the optimal print techniques for their needs so improvements in pre press times should be showing up	<ul style="list-style-type: none"><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li></ul>	<b>Inhibiting Forces (-)</b> Not all customers understand the technology of repro and hence do not understand the time scales involved  Not all customers have computer technology that allows electronic transfer of designs
--	---	--

Significant Driving Forces  
The Serbian Factory has now got its own repro equipment in house

Significant Inhibiting Forces  
Not all customers have computer technology that allows electronic transfer of designs

Interpretation of Important Action Area as a 'Problem', based on review of forces  
For 'switched on' customers this is a problem of getting pre-press done at 'switched on' sites and moving production around to optimise  
For 'switched off' customers this is a problem of explanation and communication

<b>Ideas for resolution of 'Problem'</b> Look at Serbia as a pre press site as well as a production facility - Dimitra to visit and check it out  She then to draw up an 'optimisation of pre-press' plan for all customers with estimated lead time reductions. These to be clearly communicated to customers	<ul style="list-style-type: none"><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li></ul>	<b>Evaluation of Ideas</b> Yes - do it  Yes - do it
---	---	--



Appendix 8.3 (cont.)

Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Reduce Packaging Material Lead Time  
Matching Construct: Lead Time

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)

Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+)		Inhibiting Forces (-)
There is an optimisation programme in place at corporate level aimed at moving production to best available site - we are already participating	*	Most of the benefits of this have already been cashed in with our customers
	*	
	*	
	*	
	*	
Some factories are working on internal projects to cut lead times	*	Great - but out of our control. Need to work with those that are doing this.
	*	
	*	
If we have KAM then a strong internal voice for the customer may be able to fight for better service on individual orders	*	Don't have KAM yet and anyway it is unproven
	*	
	*	
	*	

*Significant Driving Forces*

Some factories are working on internal projects to cut lead times

*Significant Inhibiting Forces*

Don't have KAM yet

*Interpretation of Important Action Area as a 'Problem', based on review of forces*

This is a about internal actions between us the market and the factories. Since we don't have our own factory this is a difficult one that needs focus and push

Ideas for resolution of 'Problem'		Evaluation of Ideas
KAM for main customers with a responsibility to push orders at factory level.	*	
	*	Need to try it as part of the KAM package.
	*	Paul G thinks that factories respond to pressure. Paul S thinks so too.
	*	
	*	
Look at our internal procedures for processing orders:	*	We can probably find a saving of a day by our own internal procedures -
e - mail order placement	*	Dimitra to work on it.
order confirmation routines	*	
arrangement of transport	*	
etc.	*	



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Local availability of spare parts  
Matching Construct: Lead Times

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)  
Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+)	*	Inhibiting Forces (-)
	*	As a company we went onto central
	*	delivery from Northern Europe two years
	*	ago and we do not keep spare parts in
	*	our books at market level.
	*	
	*	Customers feel it necessary to keep some
	*	stocks in case of delivery delays from
	*	the central spare parts store.
	*	
	*	
	*	

Significant Driving Forces

Significant Inhibiting Forces  
Customers feel it necessary to keep some stocks in case of delivery delays

Interpretation of Important Action Area as a 'Problem', based on review of forces  
This is a pure conflict of interest between the local market organisation and the customer

Ideas for resolution of 'Problem'	*	Evaluation of Ideas
Are we prepared to try 'skunk works'	*	Not really says Phil !
holding of stock??	*	
	*	
Are there any significant breaks in	*	Check by Dimitris
deliveries. That is, is this a real problem	*	
or an imagined one?	*	
	*	
If so try to fix the system - if not	*	This is the key action
communicate with the customer.	*	
	*	
	*	



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Equipment Flexibility  
Matching Construct: Innovation / Operational Efficiency

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)

Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+)	*	Inhibiting Forces (-)
	*	Two of the three Important Actions
	*	recorded talk about improving 'equipment
	*	flexibility' - subsequent checks show the
	*	lines at those customers operating at
	*	at over 90% machine efficiency
	*	
	*	
	*	The third Important Action talks about
	*	'redesigning' the machines to handle
	*	multiple packs
	*	
	*	This suggests that this is an 'Innovation'
	*	issue rather than an 'Operational
	*	Efficiency' one.

Significant Driving Forces

Significant Inhibiting Forces

Interpretation of Important Action Area as a 'Problem', based on review of forces  
Add this sheet to the Innovation Issues and deal with it through communication with  
customers and Paul B. to take note and revert with comments in 1 month.

Ideas for resolution of 'Problem'	*	Evaluation of Ideas
	*	
	*	
	*	
	*	
	*	
	*	
	*	
	*	
	*	
	*	
	*	



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Ad Hoc Quality Problems  
Matching Construct: Product Quality

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)

Ext. Participants:

Positive Driving Forces (+)		Inhibiting Forces (-)
	*	
We have QA systems in place in factories and our local claims procedure runs according to corporate standards (Paul G confirms this)	*	Some problems with the Italian factory during this year have meant that there is a heightened awareness of quality issues at the moment. The problems have been eliminated and no claims have been raised for 3 months now.
	*	
	*	
	*	
	*	
	*	
	*	

Significant Driving Forces  
Our local claims procedure runs according to corporate standards

Significant Inhibiting Forces  
Sods Law

Interpretation of Important Action Area as a 'Problem', based on review of forces  
Don't let quality issues get out of hand - deal with them fast and fair

Ideas for resolution of 'Problem'		Evaluation of Ideas
	*	
Ensure that the claims procedure runs properly when needed	*	Yes
	*	
Can we improve the way we do things locally??	*	Probably
	*	
	*	
	*	



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Package Safety  
Matching Construct: Product Quality

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)

Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+)		Inhibiting Forces (-)
	*	
Overall the package has a good image - safety questions are very unusual	*	
	*	
	*	
The wording of the original Important Action reads like advice to us to ensure CONTINUED security on package quality	*	
	*	
	*	
The comment we believe to have been caused by the dioxin crisis of 2 years ago	*	Communication seems to have fallen down on our corporate high standards
	*	
	*	

Significant Driving Forces

The comment we believe to have been caused by the dioxin crisis of 2 years ago

Significant Inhibiting Forces

Communication seems to have fallen down on our corporate high standards

Interpretation of Important Action Area as a 'Problem', based on review of forces

A communication problem on high quality standards and safety of the package

Ideas for resolution of 'Problem'		Evaluation of Ideas
	*	
Hold a quality seminar	*	Maybe - but why if it is not a general issue?
	*	
	*	
Concentrate on this one particular respondent and get him 'gened up'	*	Best solution
	*	
	*	
	*	
	*	



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Trust / Confidentiality  
Matching Construct: Strategic Alignment

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)  
Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

<b>Positive Driving Forces (+)</b> Only one customer has this problem and we know the root causes  As a company we have no problem with confidentiality - we consider it part of our business culture	<ul style="list-style-type: none"><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li></ul>	<b>Inhibiting Forces (-)</b> The perception is strongly embedded in the three or four people who have it and one of them is the MD  Although we accept that we must look at our behaviour in this case, the resolution of this problem lay more in changing perceptions.
--	---	---

*Significant Driving Forces*  
Only one customer has this problem and we know the root causes

*Significant Inhibiting Forces*  
The perception is strongly embedded in the three or four people who have it and one of them is the MD

*Interpretation of Important Action Area as a 'Problem', based on review of forces*  
This becomes a communication issue at the highest level of this customer

<b>Ideas for resolution of 'Problem'</b> PS to meet with the MD of Athena and confront the issue face to face.  All of us who have contact with Athena managers to talk about this at an approp. time.  Then we 'test the water' in a couple of months and see if things have improved	<ul style="list-style-type: none"><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li><li>*</li></ul>	<b>Evaluation of Ideas</b> This has to go to the top so Paul must get involved  Nick thinks that it should be left to Paul but all others present think that we should address the matter at across all levels  Yes - test the water, but how to do so without stirring it up again?? Can't tell now - need to deal with it in a couple of months
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Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area:Establish 'Common Business Plan' with customers

Matching Construct:Strategic Alignment

Int. Participants:Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas

Ext. Participants:Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+)		Inhibiting Forces (-)
	*	
Our traditional business model has kept us close to the customer	*	Traditionally our company has kept this closeness at the level of support not involvement
	*	
Selling stainless steel is not exciting!	*	Risk sharing on product losses, liability would be difficult to sell up our organisation
	*	
In several areas (eg Chocolate Milk) we know more about the market than our customers	*	We can do the local work on the business plan but any investment risk beyond our limit would need approval
	*	

Significant Driving Forces

In several areas (e.g. Chocolate Milk) we know more about the market than our customers

Significant Inhibiting Forces

We can do the local work on the business but any investment risk beyond our limit would need approval

Interpretation of Important Action Area as a 'Problem', based on review of forces

Are we interested and able to rise to the market's expectation of us?

Ideas for resolution of 'Problem'		Evaluation of Ideas
Try in a small area in which we feel	*	
	*	
confident to indeed go in together with the customer	*	If we are to try and do it, the suck it and see option is the best - must decide with which customer to try this.
	*	
Work with corporate to try and raise our 'risk limits'	*	Paul S and Paul G to be involved in the project at local level and communicate to corporate at regular intervals on progress
	*	
Perhaps we should create a 'biz plan' ourselves and take it to the customer only as a complete proposition rather than negotiate together	*	Certainly this is the preferred method of all present as we keep control - but it depends on us selling the idea once it is ready!
	*	



Appendix 8.3 (cont.)

Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Assist Aphrodite in conducting advertising and promos  
Matching Construct: Support for Marketing Department

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)

Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

		Inhibiting Forces (-)
	*	
Positive Driving Forces (+)		
We are already doing it with this customer and with others.	*	You must remember that Aphrodite's appetite for this stuff is insatiable as they
	*	have no marketing department of their own.
	*	
	*	
They have a very strong brand name in Northern Greece - so there is a good base to work on.	*	Spend v Sales - keep costs under control
	*	
	*	
	*	

Significant Driving Forces

They have a very strong brand name in N Greece

Significant Inhibiting Forces

Spend v Sales - keep costs under control

Interpretation of Important Action Area as a 'Problem', based on review of forces

An issue of 'closeness' to Aphrodite. How involved do we want to get ?

Ideas for resolution of 'Problem'		Evaluation of Ideas
	*	
Use the Thessaloniki office as commercial base as well as a technical service office.	*	There is plenty of room there.
	*	
	*	
This then moves you toward a specialist KAM for Aphrodite located near them.	*	See sheet on KAM. This is a good idea if it is done in conjunction with other
	*	customers - there is no point having just one KAM though
	*	
	*	
Make clear to the customer the growth in sales that is required to go on with this	*	This is a must 'cos then they can see if they want to play or not.
	*	



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Improve Quality of Technical Support through training  
Matching Construct: Technical Service

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)

Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+)	*	Inhibiting Forces (-)
We have a training plan for each member of the Technical Dept	*	Time and money mean that even if it is fully implemented (which it is) you can
	*	always train more
	*	
We suggest training programmes to the customers for their technicians and we pay for some of these courses	*	We cannot force customers to train their operatives according to our recommendation
	*	
	*	We cannot pay for all customer training
	*	
	*	
	*	

Significant Driving Forces  
Both the above

Significant Inhibiting Forces  
Time and money both internally and for the customer

Interpretation of Important Action Area as a 'Problem', based on review of forces  
Is it a 'problem' or is it a 'thirst' - can we ever satisfy this need?

Ideas for resolution of 'Problem'	*	Evaluation of Ideas
Probably cannot satisfy it - but we can address it and see if we can do more	*	Dimitris to check
	*	
	*	
Encourage customers to do the training we suggest	*	Dimitris to do
	*	
On going attention to the issue of training.	*	Yes
	*	
	*	
	*	
	*	



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: More People in Technical Support at customers' site  
Matching Construct: Technical Service

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)  
Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+)		Inhibiting Forces (-)
	*	
Both of the 'improve by adding people' Important Actions come from Aphrodite.	*	The technical guys are already doing unacceptable levels of overtime
It is not a wide spread perception	*	
	*	
By going for KAM we may not be able to put more technical guys on site but we could improve the level of consistency	*	Need to train the Thesaloniki boys on Aphrodite machines
	*	
	*	Headcount limitations
	*	

Significant Driving Forces

It is not a wide spread perception  
By going for KAM we may be able to improve the level of consistency

Significant Inhibiting Forces

Headcount limitations  
The technical guys are already doing unacceptable levels of overtime.

Interpretation of Important Action Area as a 'Problem', based on review of forces

This is another time and money problem that can only be managed better.

Ideas for resolution of 'Problem'		Evaluation of Ideas
KAM structure to give Aphrodite (and others) dedicated technical staff.		See other sheets on this - looks like the
	*	*
	*	
	*	
	*	



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Reduce Minimum Order Level  
Matching Construct: Value for Money

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)  
Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+)		Inhibiting Forces (-)
	*	
This year we have shifted from 'Low Quantity Surcharge' to 'Set Up Charge' pricing. This enables the customer to decrease pricing on small orders through better order planning	* * * * * * *	Clearly this is not fully understood by all customers  But SUC is a corporate model which cannot be influenced locally

Significant Driving Forces  
Lack of understanding of SUC pricing

Significant Inhibiting Forces  
SUC is the only way of ameliorating price on small orders

Interpretation of Important Action Area as a 'Problem', based on review of forces  
Customers want to retain the maximum flexibility for their operations

Ideas for resolution of 'Problem'		Evaluation of Ideas
	*	
Explain SUC in detail and run some simulations of how it works for particular customers. Make sure that all customers are aware that LQS is finished and SUC is the new system.	* * * * * * *	Yes - we all thought it was already clear but maybe it isn't.
	*	



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Reduce working capital (stock level, spare parts, etc.)  
Matching Construct: Value for Money

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)  
Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+)		Inhibiting Forces (-)
	*	
Productivity improvement initiatives are	*	We do not understand what their
underway in our local organisation and	*	comparison base for this is
they should impact this	*	
	*	See other sheets on spare parts, lead
	*	times, small orders.
	*	

Significant Driving Forces  
Productivity initiatives should encompass this

Significant Inhibiting Forces  
We do not understand what their comparison base for this

Interpretation of Important Action Area as a 'Problem', based on review of forces  
This looks like an issue of managing the customer better

Ideas for resolution of 'Problem'		Evaluation of Ideas
	*	
KAM implementation	*	Yes - see other sheets
	*	
Try to understand the comparison base	*	Of course
	*	
Follow up on related sheets	*	Of course
	*	
	*	
	*	



Appendix 8.3 (cont.)  
Outcome of fourth level analysis - consolidated force field analysis worksheet

Action Area: Reduce Prices Across the Board  
Matching Construct: Value for Money

Int. Participants: Jean-Marc, Dimitris, Nick, Dimitra, George, Phil, Vassilis, Andreas  
Paul S. (M.D.)  
Ext. Participants: Paul B. (Dev Centre), Paul G. (Corporate),

Positive Driving Forces (+) In a way this comes back to 'Innovation' and ensuring that the customer is prepared to pay the price that we want because the product offering is worth it.	* * * * * * * * * *	Inhibiting Forces (-) Such an Important Action is rooted in:  competitors pricing mismatch of understanding on value added
---	--	--

Significant Driving Forces  
In a way this comes back to 'Innovation'

Significant Inhibiting Forces  
Both the above

Interpretation of Important Action Area as a 'Problem', based on review of forces  
The 'value added' by our company is not clear in the minds of the customers

Ideas for resolution of 'Problem' Work on an 'Innovation Plan' across all our activities that will make clear the 'value added' by working with us	* * * * * * * * * * *	Evaluation of Ideas In a way this one brings all the other Important Actions and Comments from the interviews into focus.  We need to communicate the benefits of working with us and an overall 'Innovation Plan or Policy' is a good way to start this.
---	---	---



## **APPENDIX TO CHAPTER 11**

**CONTAINING**

**Introduction**

**Data Set 1**

**Dentric Analysis of Repertory Grids Made by Individual  
Respondents in Second Round Interviews**

**Data Set 2**

**Analysis, by Customer, of Comments Made By Respondents in the  
Second Round Interviews, and a Discussion Thereof**

**Aphrodite  
Athena  
Demeter  
Hera**



## **APPENDIX TO CHAPTER 11**

### **Introduction**

This appendix is made up of two sets of data. The first, which immediately follows this introduction, constitutes the print outs of the dendric analysis performed by Enquire Within™ on the ratings made by each individual respondent. These tables are discussed in Section 11.3 of the main text.

The second set of data, which follows the yellow separator page, is the analysis of comments obtained in the second round interviews from respondents at each participating customer and a discussion thereof. It is essentially an augmentation of Chapter 11 since I have taken the view that an analysis of second round comments by customer may be of interest to the reader who has followed the progress of the research through its first two cycles. The comparable analysis from the benchmark interviews was included in the main text (see Chapter 7) because its outcome was of significance for the design of the action plans (see Chapter 8) that were central to the continuation of my research programme. However, this is not the case at this point of the work and so I feel justified in presenting this data here in an Appendix.



## **DATA SET 1**

### **APPENDICES 11.A – 11.P**

#### **DENTRIC ANALYSIS OF REPERTORY GRIDS MADE BY INDIVIDUAL RESPONDENTS IN SECOND ROUND INTERVIEWS**

**Appendix 11.A - Aphrodite 1**

**Appendix 11.B - Aphrodite 2**

**Appendix 11.C - Athena 1**

**Appendix 11.D – Athena 2**

**Appendix 11.E - Athena 3**

**Appendix 11.F - Athena 4**

**Appendix 11.G - Athena 5**

**Appendix 11.H – Demeter 1**

**Appendix 11.I – Demeter 2**

**Appendix 11.J - Demeter 3**

**Appendix 11.K - Demeter 4**

**Appendix 11.L – Hera 1**

**Appendix 11.M - Hera 2**

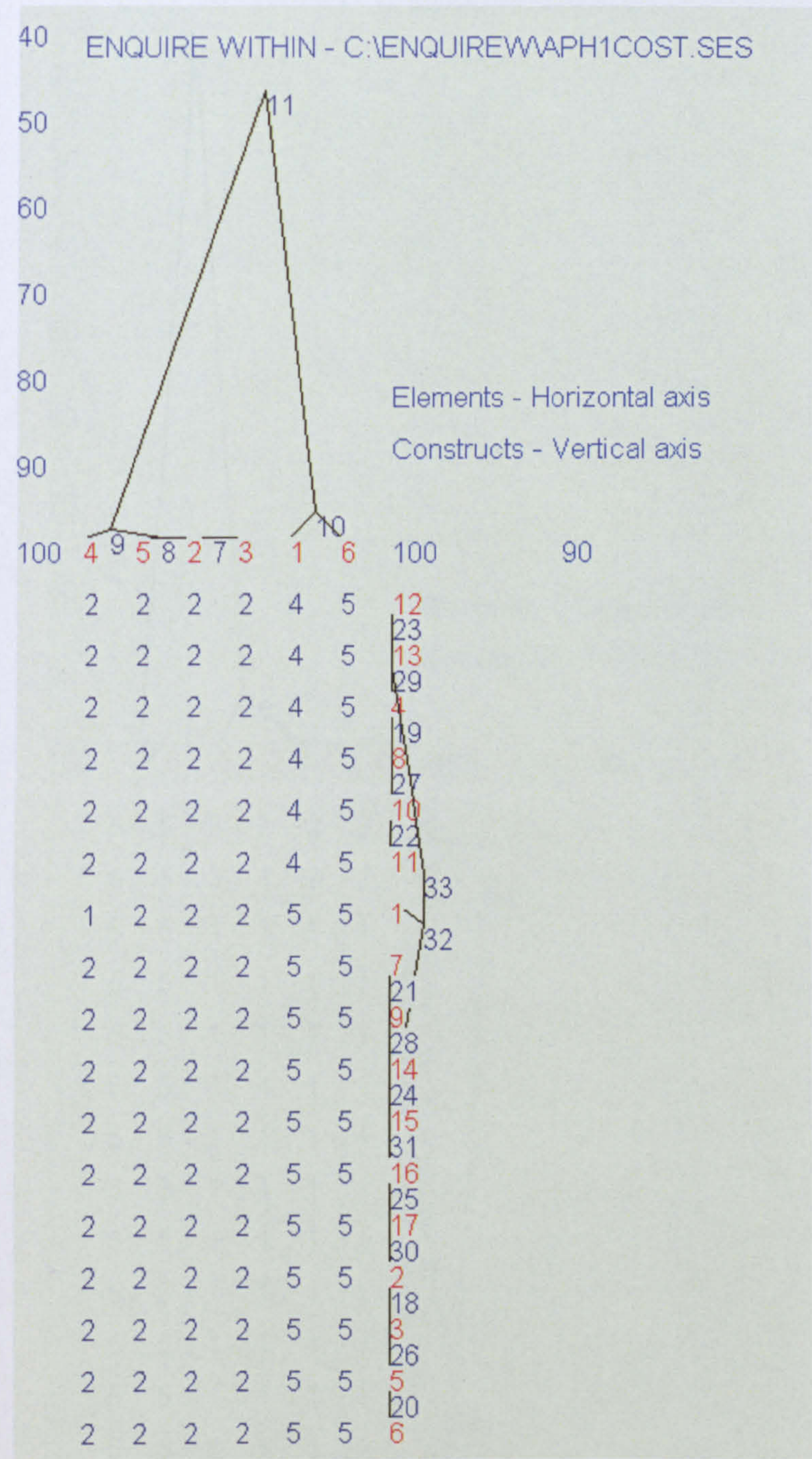
**Appendix 11.N - Hera 3**

**Appendix 11.O - Hera 4**

**Appendix 11.P - Hera 5**



Table 11.A  
Dentric Analysis of Repertory Grid made by Aphrodite 1 in second round interviews





**Table 11.B**  
**Dentric Analysis of Repertory Grid made by Aphrodite 2 in second**  
**round interviews**

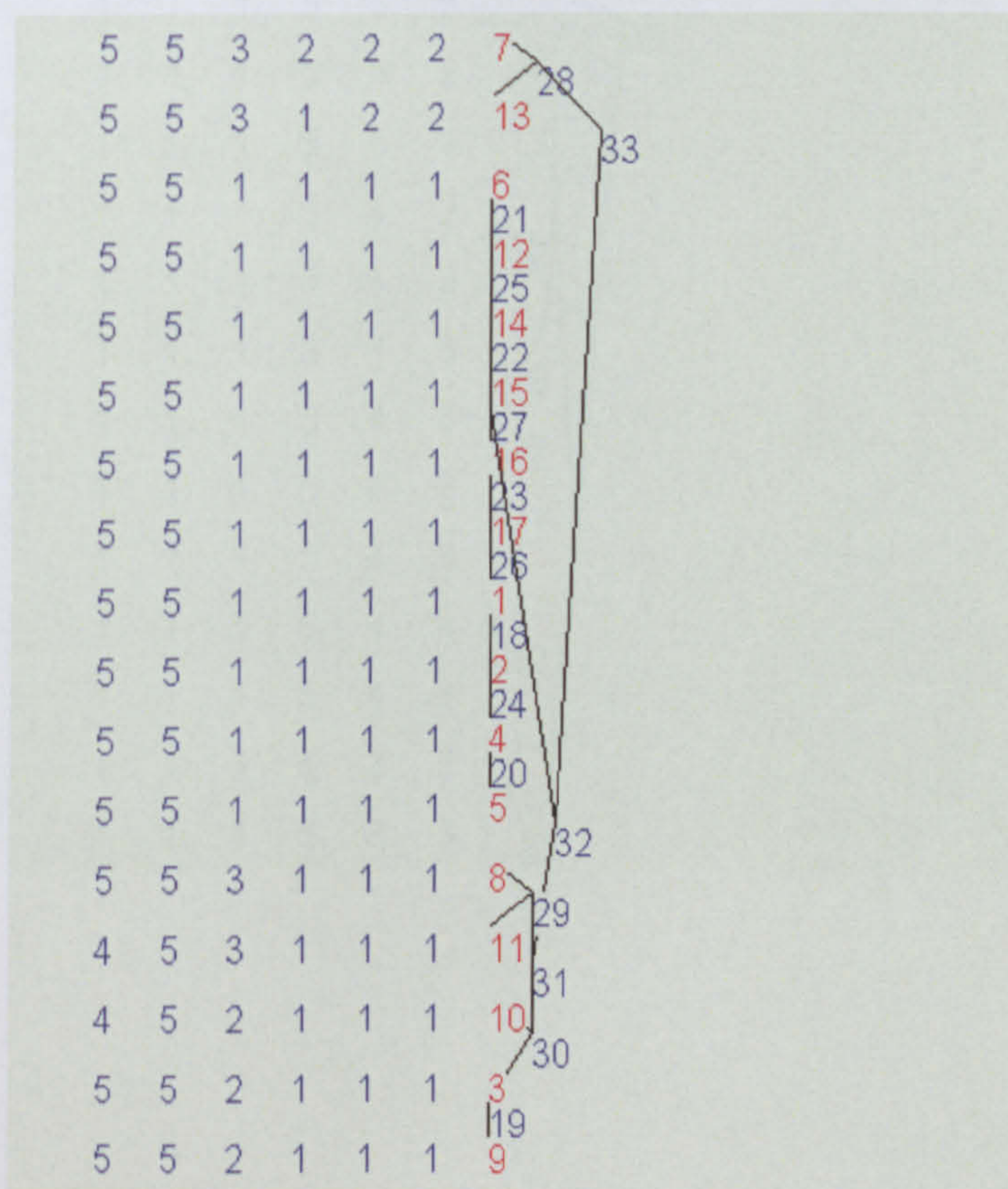
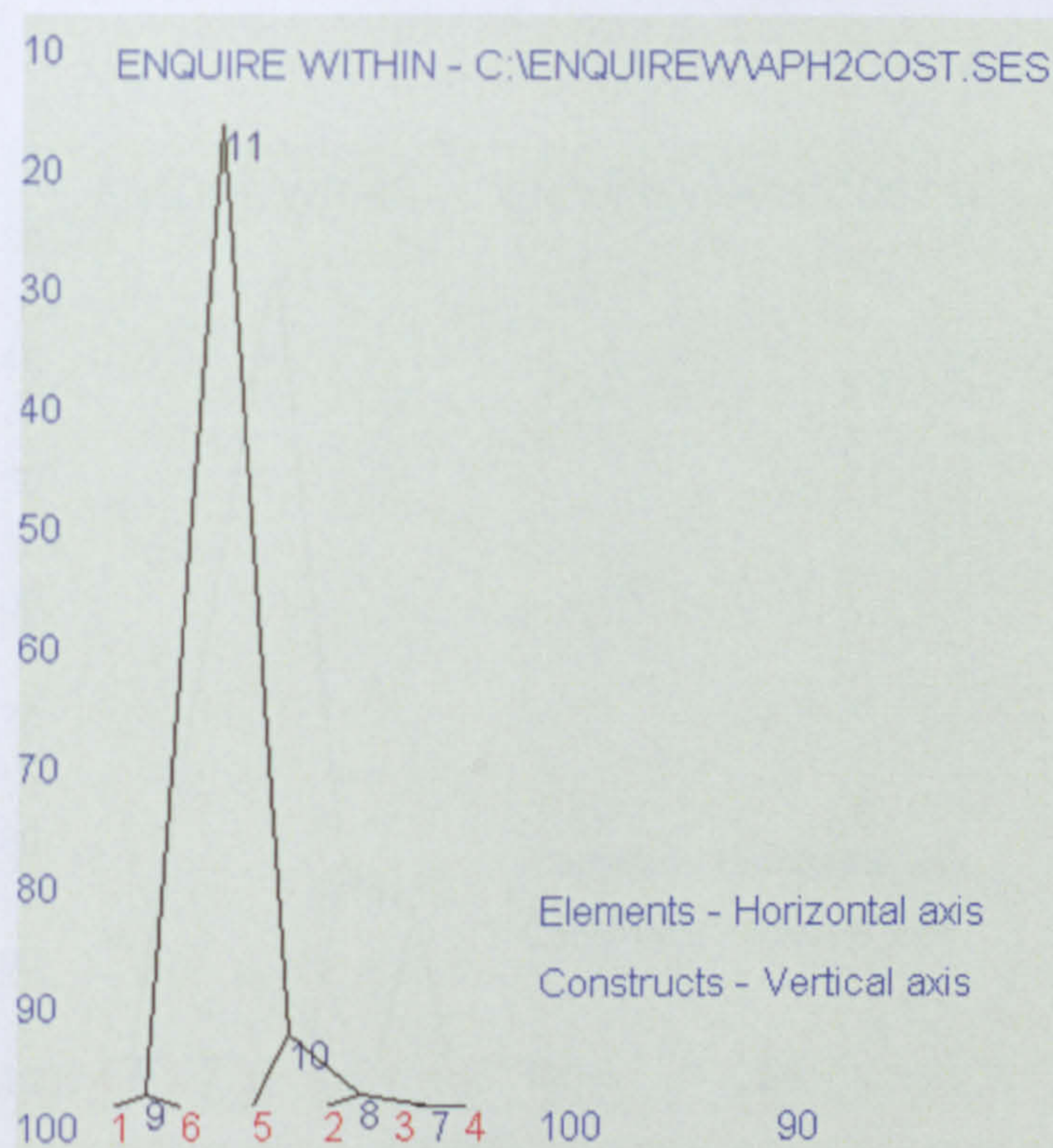
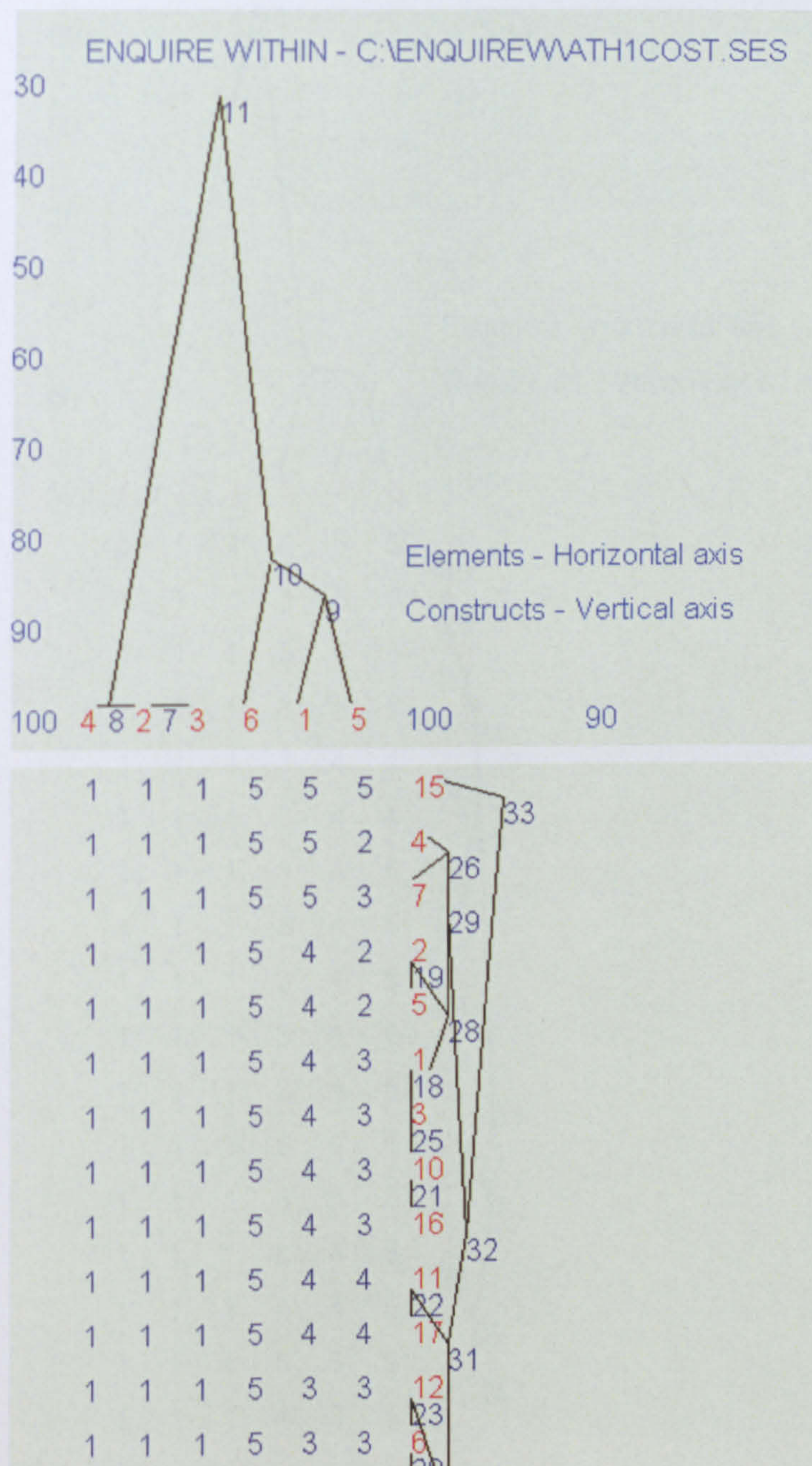




Table 11.C  
Dentric Analysis of Repertory Grid made by Athena 1 in second round interviews





**Table 11.D**  
**Dentric Analysis of Repertory Grid made by Athena 2 in second**  
**round interviews**

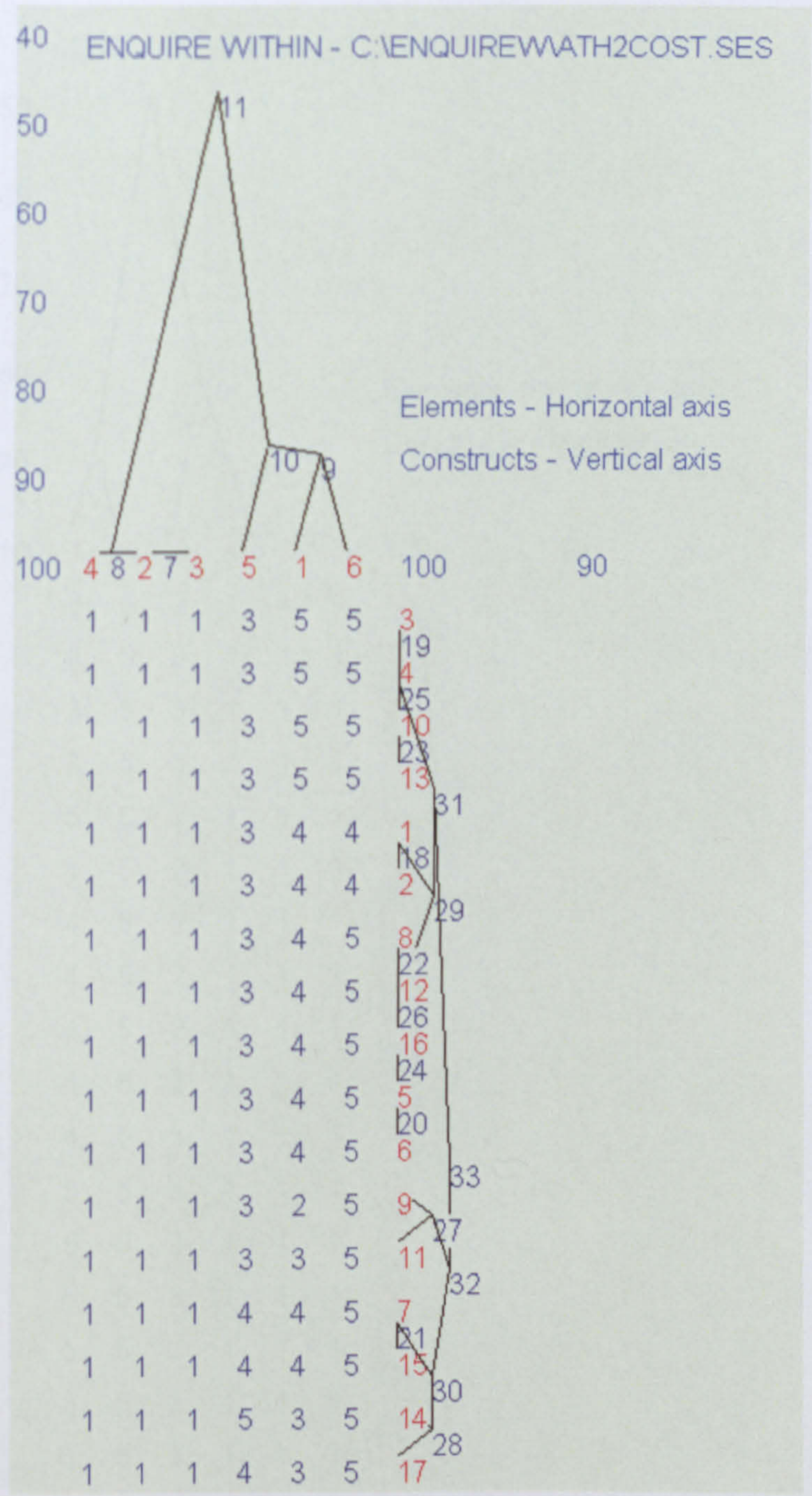
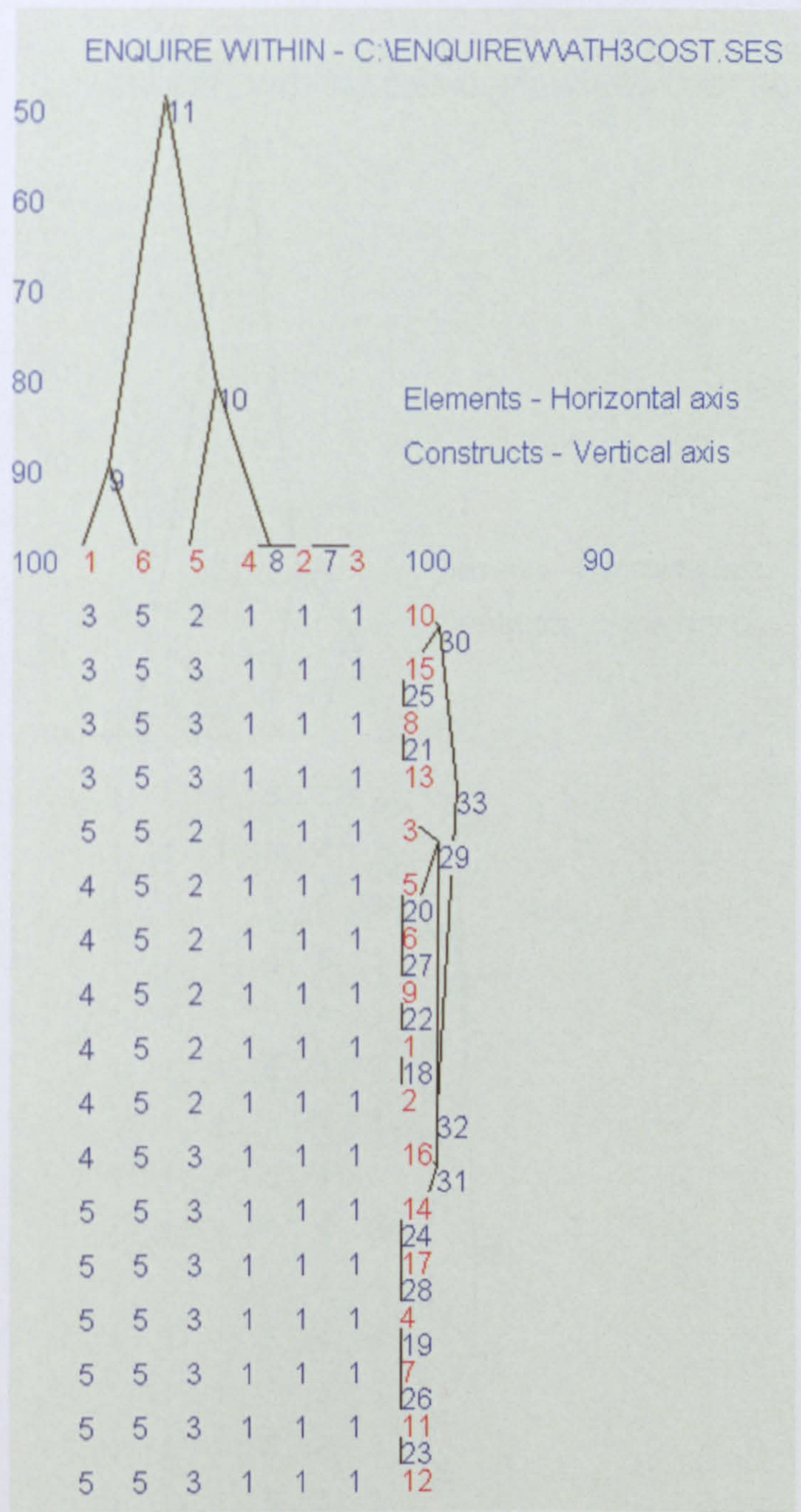


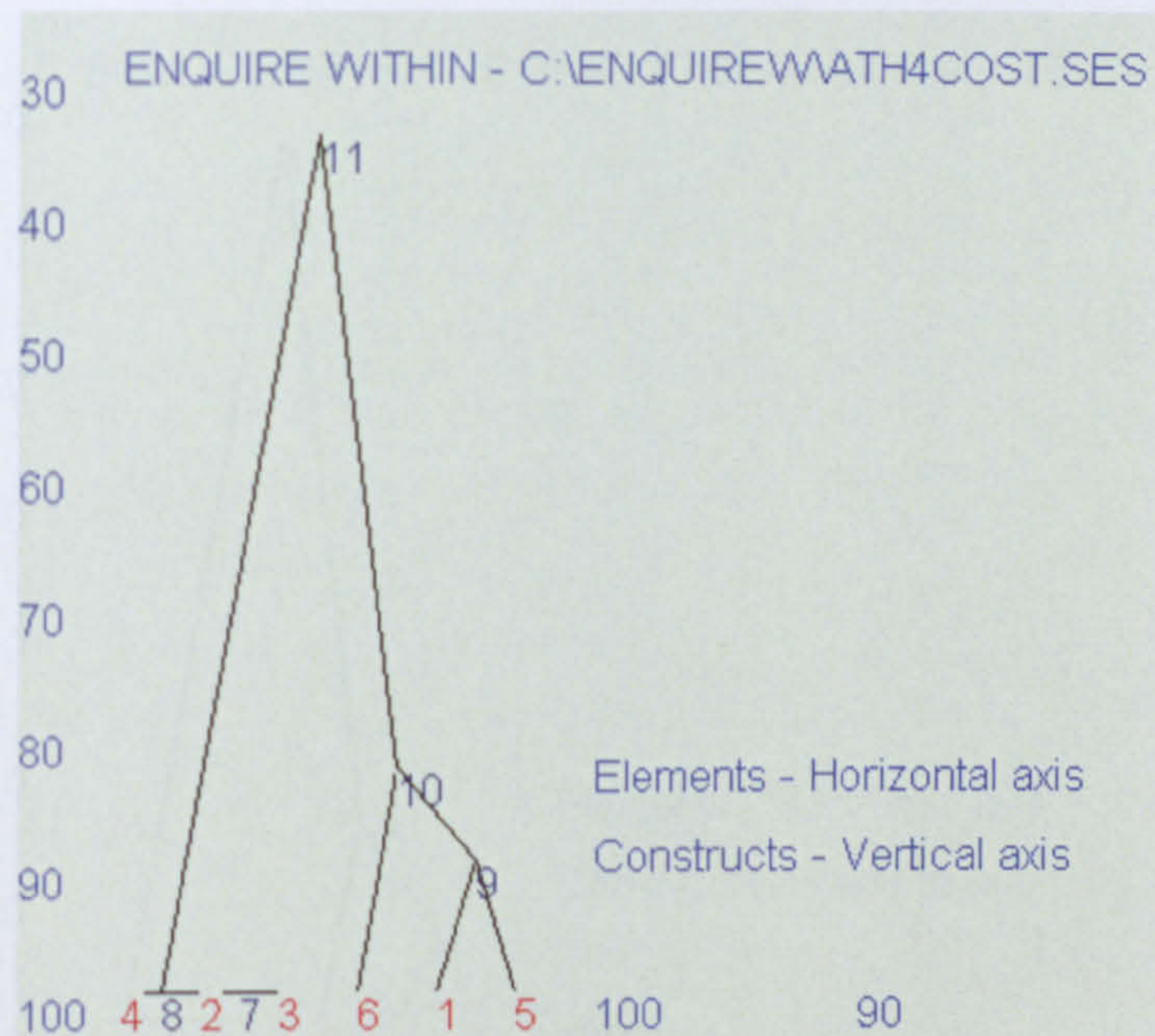


Table 11.E  
Dentric Analysis of Repertory Grid made by Athena 3 in second  
round interviews





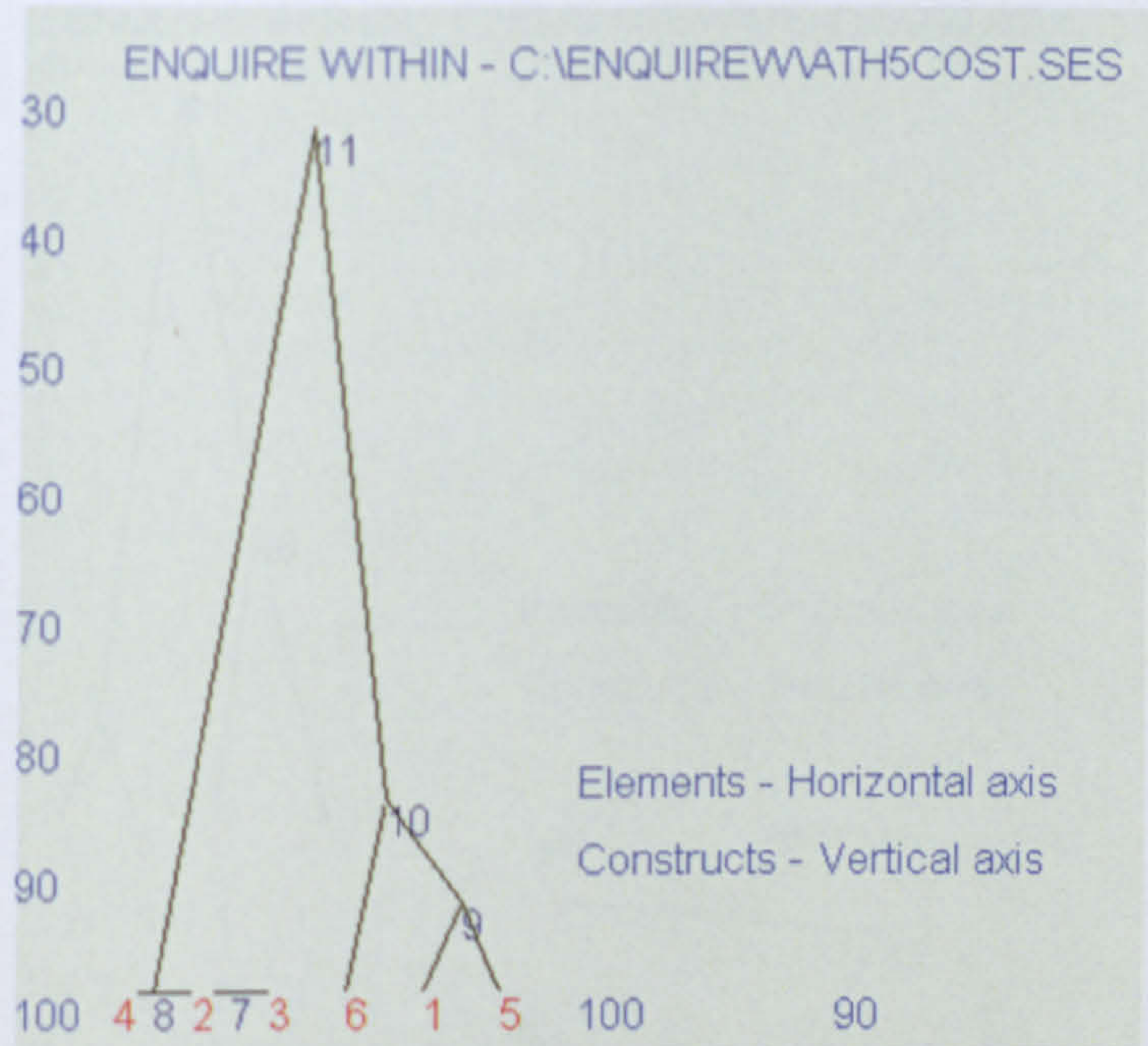
**Table 11.F**  
**Dentric Analysis of Repertory Grid made by Athena 4 in second**  
**round interviews**



1	1	1	5	5	2	1	29
1	1	1	5	4	2	2	31
1	1	1	5	5	3	3	18
1	1	1	5	5	3	17	30
1	1	1	5	4	3	10	23
1	1	1	5	4	3	12	27
1	1	1	5	4	3	15	25
1	1	1	5	4	3	7	21
1	1	1	5	4	3	8	33
1	1	1	5	4	4	4	19
1	1	1	5	4	4	11	32
1	1	1	5	3	3	14	24
1	1	1	5	3	3	16	28
1	1	1	5	3	3	5	20
1	1	1	5	3	3	6	26
1	1	1	5	3	3	9	22
1	1	1	5	3	3	13	



Table 11.G  
Dentric Analysis of Repertory Grid made by Athena 5 in second  
round interviews



1	1	1	5	3	3	13
1	1	1	5	3	3	25
1	1	1	5	3	3	9
1	1	1	5	3	3	22
1	1	1	5	3	3	10
1	1	1	5	5	3	33
1	1	1	5	5	3	12
1	1	1	5	5	3	24
1	1	1	5	4	4	17
1	1	1	5	4	4	32
1	1	1	5	4	4	11
1	1	1	5	4	4	23
1	1	1	5	4	3	15
1	1	1	5	4	3	31
1	1	1	5	4	3	5
1	1	1	5	4	3	20
1	1	1	5	4	3	6
1	1	1	5	4	3	28
1	1	1	5	4	3	7
1	1	1	5	4	3	21
1	1	1	5	4	3	8
1	1	1	5	4	3	30
1	1	1	5	4	3	14
1	1	1	5	4	3	26
1	1	1	5	4	3	16
1	1	1	5	4	3	29
1	1	1	5	4	3	1
1	1	1	5	4	3	18
1	1	1	5	4	3	2
1	1	1	5	4	3	27
1	1	1	5	4	3	3
1	1	1	5	4	3	19
1	1	1	5	4	3	4



**Table 11.H**  
**Dentric Analysis of Repertory Grid made by Demeter 1 in second**  
**round interviews**

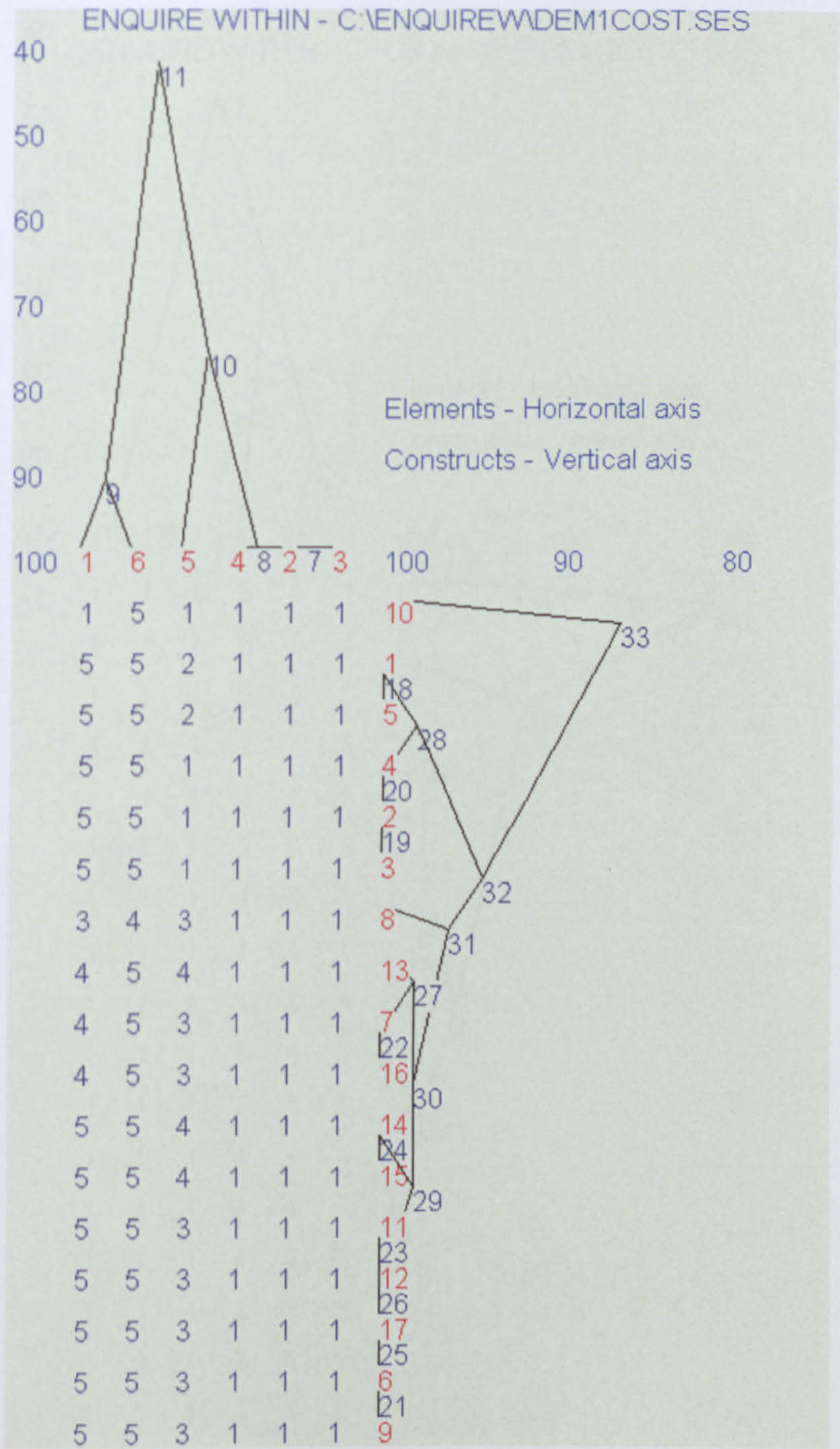




Table 11.1  
Dentric Analysis of Repertory Grid made by Demeter 2 in second round interviews

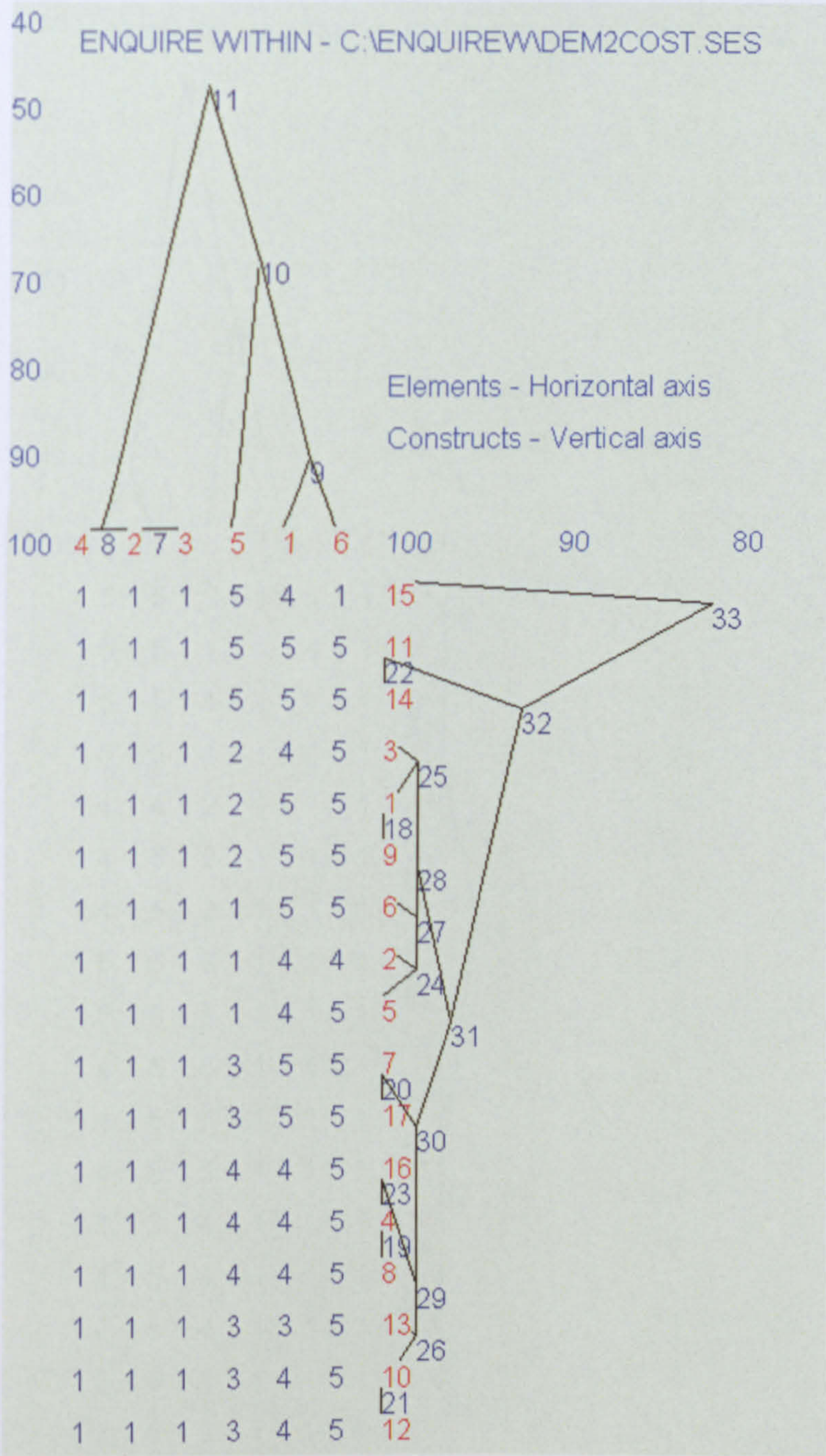




Table 11.J  
Dentric Analysis of Repertory Grid made by Demeter 3 in second  
round interviews

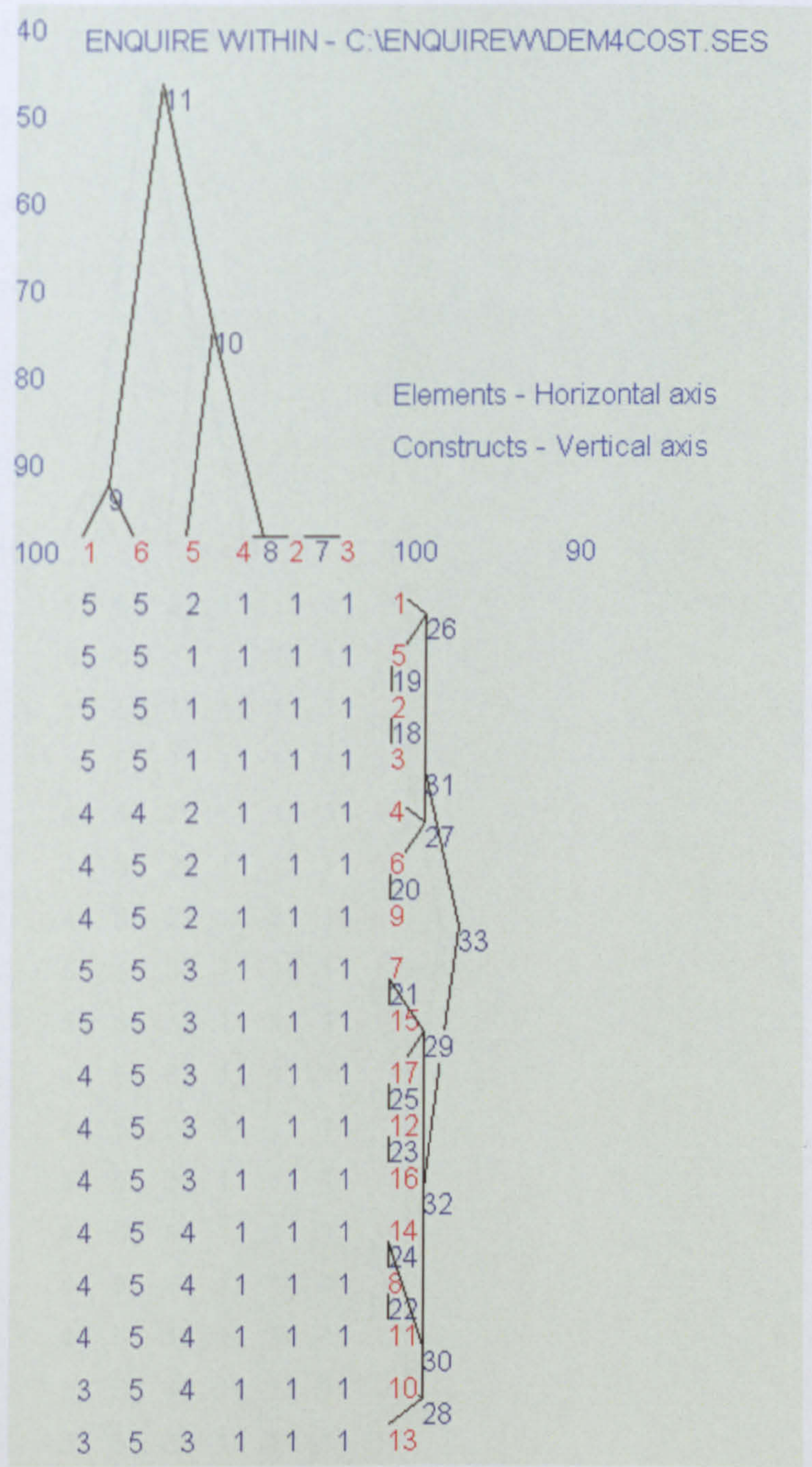




Table 11.K  
Dentric Analysis of Repertory Grid made by Demeter 4 in second  
round interviews

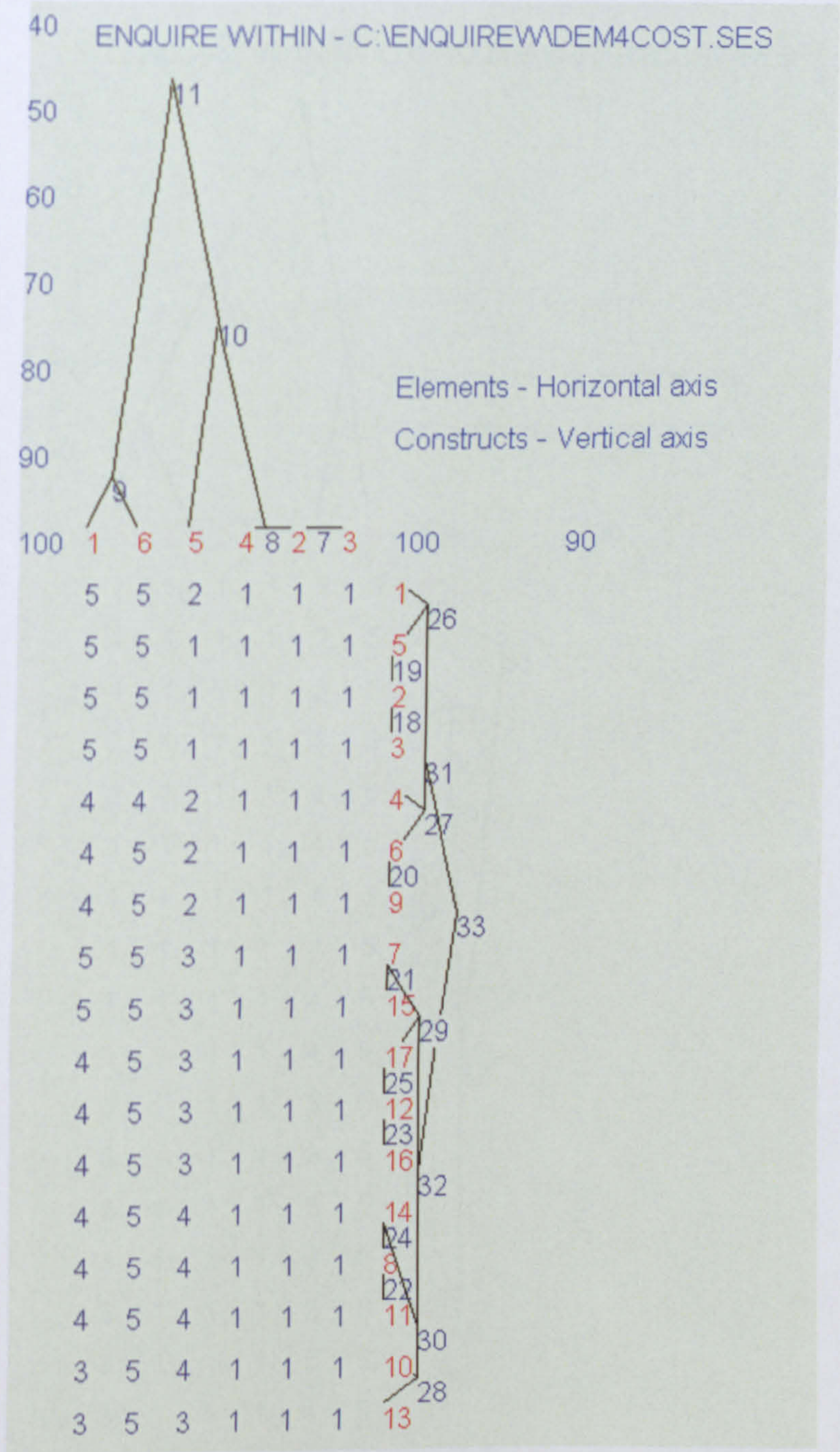




Table 11.L  
Dentric Analysis of Repertory Grid made by Hera 1 in second round  
interviews

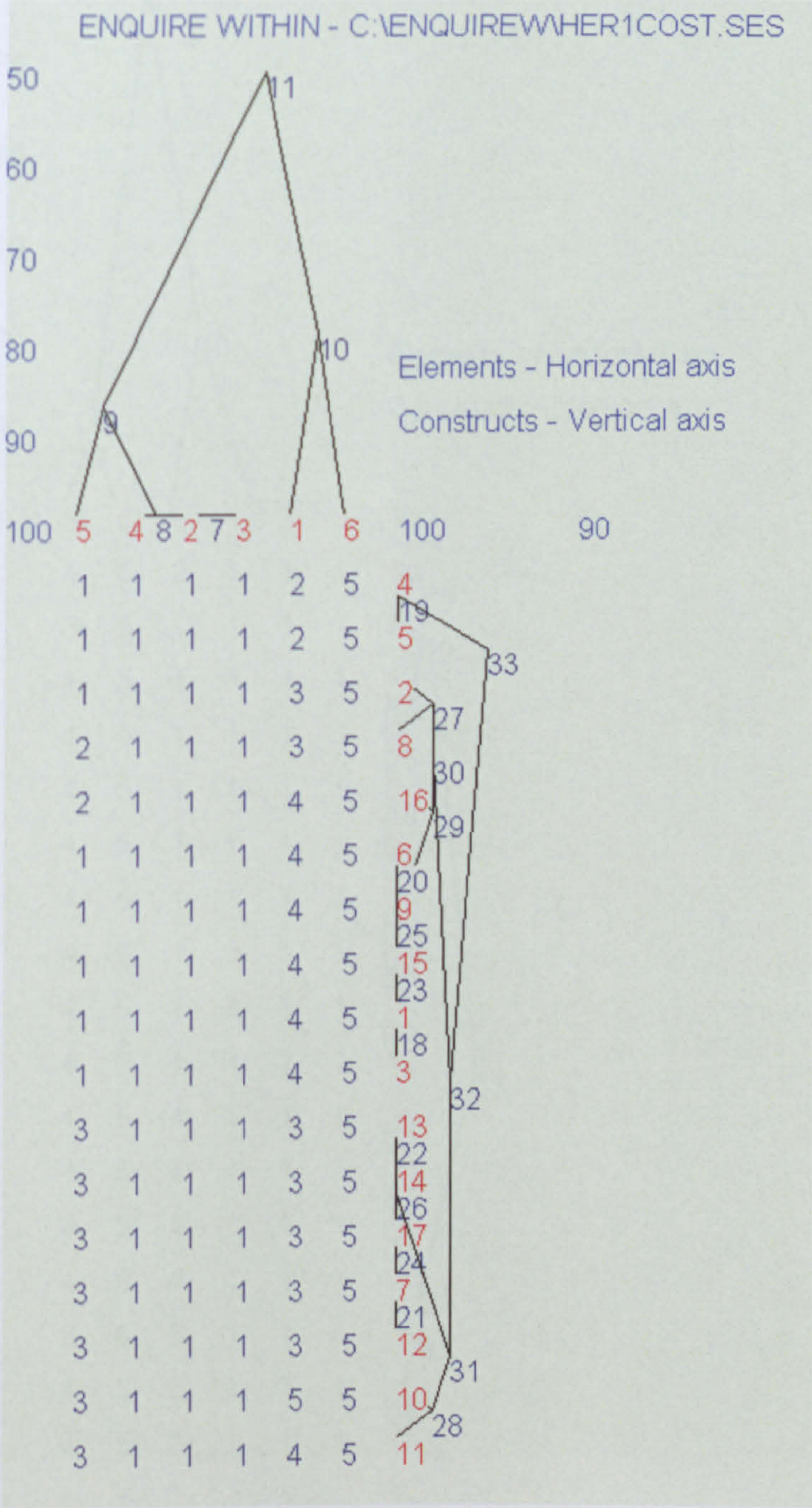




Table 11.M  
Dentric Analysis of Repertory Grid made by Hera 2 in second round  
interviews

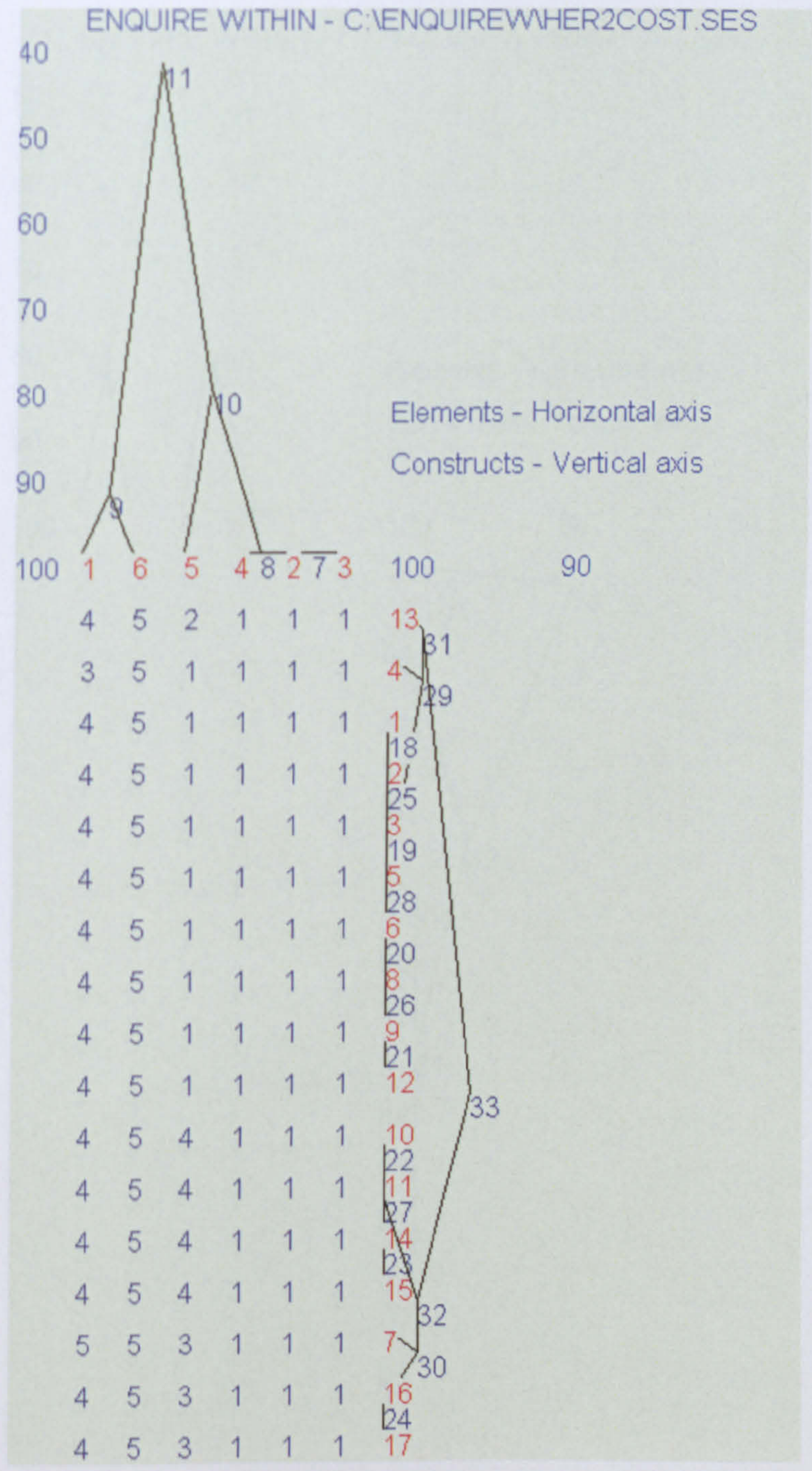
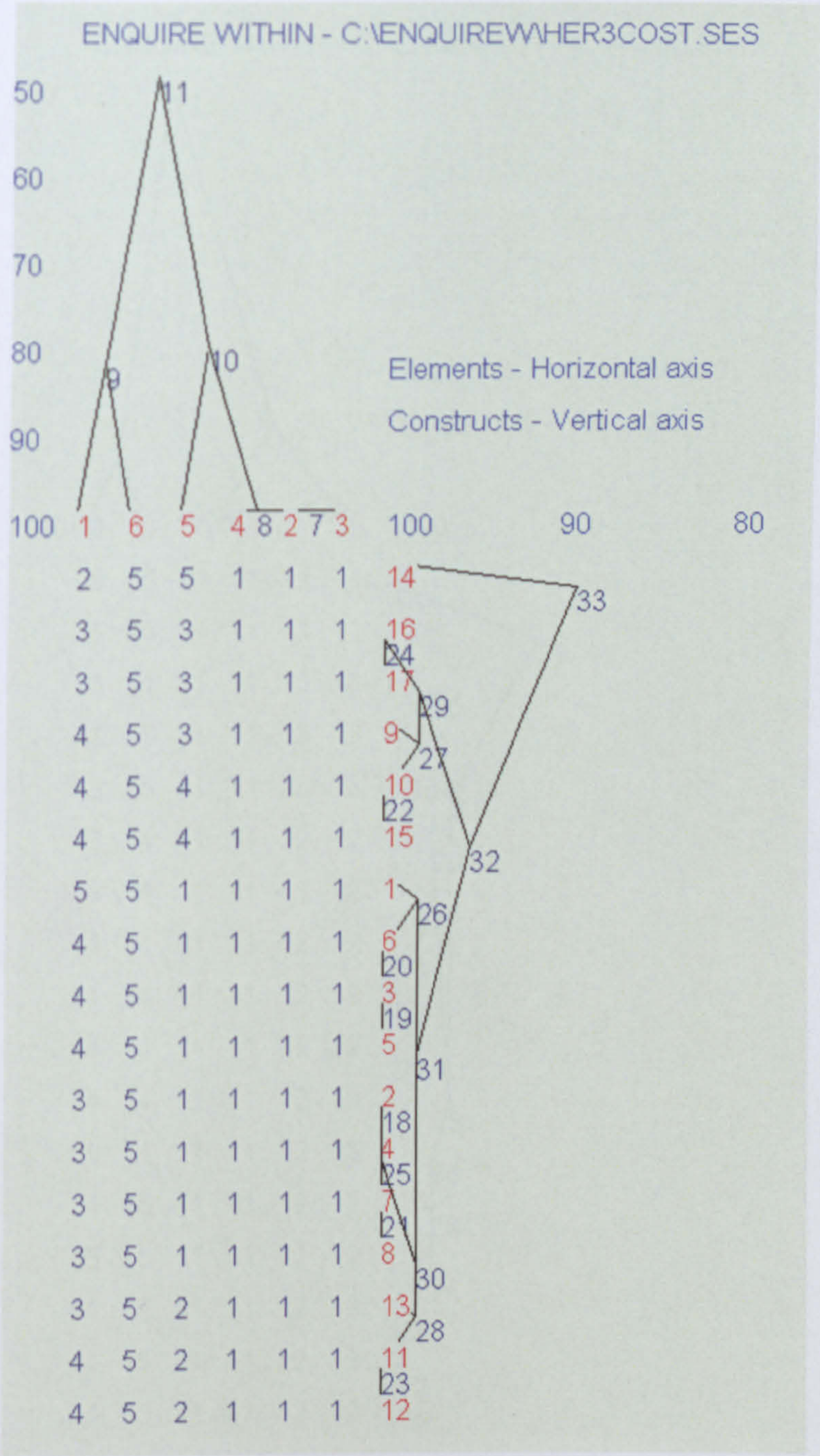


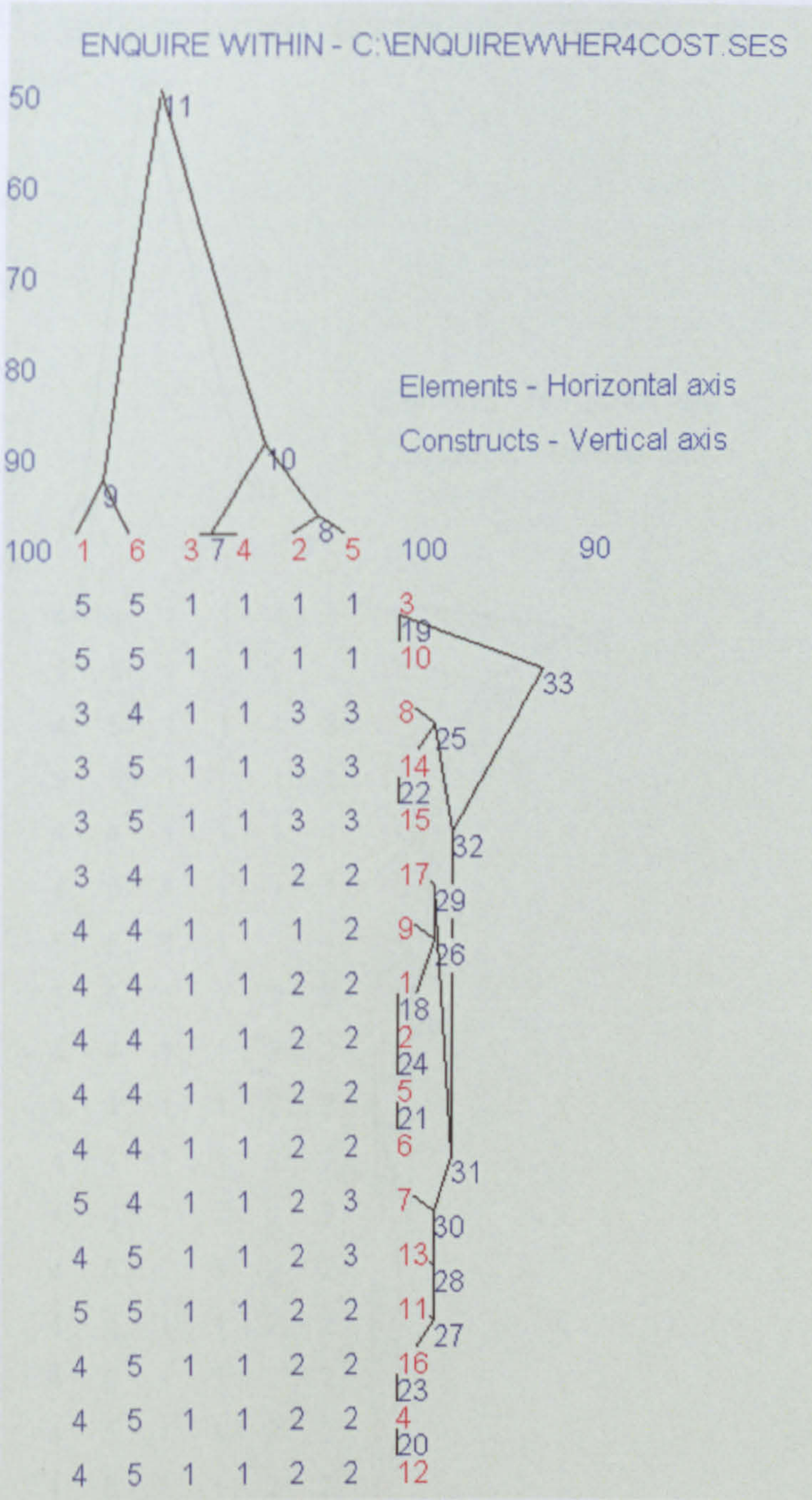


Table 11.N  
Dentric Analysis of Repertory Grid made by Hera 3 in second round  
interviews



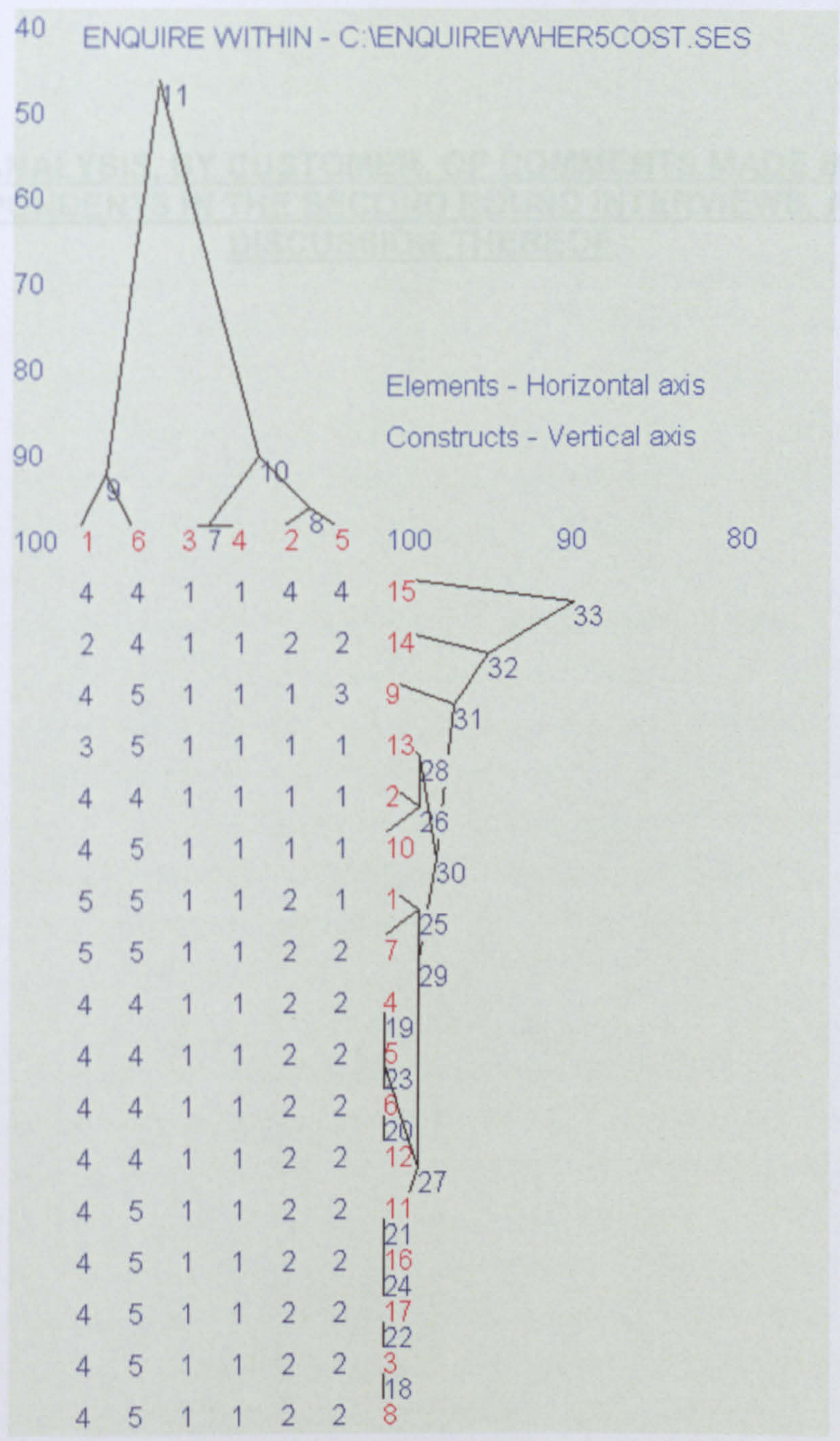


**Table 11.O**  
**Dentric Analysis of Repertory Grid made by Hera 4 in second round**  
**interviews**





**Table 11.P**  
**Dentric Analysis of Repertory Grid made by Hera 5 in second round**  
**interviews**





## **DATA SET 2**

### **APPENDICES 11.1 – 11.16**

#### **ANALYSIS, BY CUSTOMER, OF COMMENTS MADE BY RESPONDENTS IN THE SECOND ROUND INTERVIEWS, AND A DISCUSSION THEREOF**



## Aphrodite

Appendix 11.1 shows the number of positive and negative 'sentiments' expressed by Aphrodite's managers in the second round interviews together with the simple proportion of each as part of the total number of 'sentiments' expressed. The appendix also contains the Response Intensity calculation for both positive and negative responses. It should be remembered that the discussion of responses from Aphrodite's managers is based on two interviews in this round compared to three in the benchmarking round.

The most striking element of the table is that on thirteen constructs Aphrodite's managers expressed only positive 'sentiments', an improvement on the already pleasing outcome from the benchmarking interviews where they had done so on six constructs. However, in these second round interviews, Aphrodite's managers expressed two negative 'sentiments', but only one positive sentiment, concerning the Product Quality construct - an outcome that should be explored by my company.

In the benchmarking round of interviews the Support for Marketing construct had taken first place on a simple ranking by total number of 'sentiments' expressed. It had attracted a total of six 'sentiments', but in the second round interviews the construct attracted only two 'sentiments', both of which were positive, and fell to fifth place in the simple ranking. This outcome reflects the overall pattern of 'sentiments' on this construct discussed in Chapter 11 and I would, as in the overall analysis, accept this increase in the proportion of positive 'sentiments' at face value and the drop in rank position as a reduction in concern about it amongst Aphrodite's managers.

Appendix 11.2 brings together the rankings by total number of 'sentiments' expressed on all seventeen constructs in both rounds of interviews by the managers of Aphrodite and shows the change in rank of each construct over the two rounds. I would draw the reader's attention to the 'bunching' of 'sentiments' that seems to have occurred in the second round interviews with clear positions being taken by the first four constructs in the ranking but with a long 'tail' of twelve constructs each of which attracted a total of two sentiment. Taken together with the real increase in positive 'sentiments' expressed by these respondents mentioned earlier, I am drawn to the conclusion that an air of calm has descended on the managers of Aphrodite and that they are generally pleased with my company's performance across most of the constructs, although of course my company's efforts with this customer cannot slack off.

Appendix 11.3 compares the proportion of positive 'sentiments' attributed to each of the seventeen constructs in each of the two rounds of interviews and also shows the simple change therein. Depth is added to the table by the inclusion of Response Intensity



values for all constructs in both rounds of interviews and the calculation of the simple difference between the values for each construct over the two rounds. Continuing to focus this discussion on the Support for Marketing construct, which had been the biggest area of concern in the benchmarking interviews, the table shows that the Response Intensity of positive 'sentiments' expressed on the construct fell from 1.50 in the benchmarking interviews to 1.00 in the second round. I see this as supporting the conclusion drawn earlier on this construct. However, I note that the positive RI for the System Profitability construct has increased by the same value (from 1.00 to 1.50) as a consequence of an increase in positive 'sentiments' expressed from 2 to 3. As this construct attracted 100% positive 'sentiments' in the second round I note its increasing importance to the respondents and hope to maintain such a high proportion of positive opinion in the future.

Appendix 11.4 is constructed on the same principles as Appendix 12.3 but compares the negative comments made by both sets of respondents in both sets of interviews. Since the data on the proportion of negative sentiments is the mirror image of the data presented in Appendix 12.3, and only a few RI calculations can be made on the data, the table is included here for the sake of completion.



<div>Appendix 11.1</div> <div>Analysis of Sentiments Expressed in Round 2</div> <div>APHRODITE</div>										
	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity	
	S	S+		N+	S+ / N+	S-		N-	S - / N -	
				(max = 16)				(max = 16)		
Efficient Order Handling	4	3	75%	2	1.50	1	25%	1	1.00	
Strategic Allignment	3	2	67%	2	1.00	1	33%	1	1.00	
Product Quality	3	1	33%	1	1.00	2	67%	2	1.00	
System Profitability	3	3	100%	2	1.50	0	0%	0	n/a	
Support for Marketing	2	2	100%	2	1.00	0	0%	0	n/a	
Customer Service	2	2	100%	2	1.00	0	0%	0	n/a	
Complaint Handling	2	2	100%	2	1.00	0	0%	0	n/a	
Lead Times	2	2	100%	2	1.00	0	0%	0	n/a	
Value for Money Services	2	2	100%	2	1.00	0	0%	0	n/a	
Breadth of Product Range	2	2	100%	2	1.00	0	0%	0	n/a	
Rate of Innovation	2	2	100%	2	1.00	0	0%	0	n/a	
Knowledge of Business	2	2	100%	2	1.00	0	0%	0	n/a	
Quality of Technical Service	2	2	100%	2	1.00	0	0%	0	n/a	
Operational Efficiency	2	2	100%	2	1.00	0	0%	0	n/a	
Order Accuracy	2	2	100%	2	1.00	0	0%	0	n/a	
Invoicing Accuracy	2	2	100%	2	1.00	0	0%	0	n/a	
Eff. Of Order Processing	0									
Total	37									



## APHRODITE

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Appendix 11.3 Comparison of Positive "Sentiments" Data from Round 1 and Round 2 APHRODITE																					
	% Positive "Sentiments" in Round 1 (S+~R1)	Knowledge of Business	Support for Marketing	Customer Service	Complaint Handling	Strategic Allignment	System Profitability	Quality of Technical Service	Operational Efficiency	Rate of Innovation	Breadth of Product Range	Product Quality	Eff. Of Order Processing	Lead Times	Order Accuracy	Invoicing Accuracy	Value for Money Services	Efficient Order Handling	Response of Intensity of Positive "Sentiments" in Round 1 (RI+~R1)	Change in % of Positive "Sentiments" between Round 1 and Round 2 (S+~R2 minus S+~R1)	Change in Intensity of Positive "Sentiments" between Round 1 and Round 2 (RI+~R2 minus RI+~R1)
% Positive "Sentiments" in Round 2 (S+~R2)		100%	100%	100%	100%	67%	100%	100%	100%	100%	100%	33%	100%	100%	100%	100%	100%	75%			
Knowledge of Business	100%																		1.00	0%	0.00
Support for Marketing	50%																		1.50	50%	-0.50
Customer Service	75%																		1.00	25%	0.00
Complaint Handling	67%																		1.00	33%	0.00
Strategic Allignment	67%																		1.00	0%	0.00
System Profitability	100%																		1.00	0%	0.50
Quality of Technical Service	100%																		1.00	0%	0.00
Operational Efficiency	100%																		1.00	0%	0.00
Rate of Innovation	100%																		1.00	0%	0.00
Breadth of Product Range	0%																		n/r	100%	1.00
Product Quality	50%																		1.00	-17%	0.00
Eff. Of Order Processing	100%																		1.00	0%	-1.00
Lead Times	33%																		1.00	67%	0.00
Order Accuracy	unranked																		n/r	100%	1.00
Invoicing Accuracy	unranked																		n/r	100%	1.00
Value for Money Services	50%																		1.00	50%	0.00
Efficient Order Handling	unranked																		n/r	75%	1.50
Response Intensity of Positive "Sentiments" in Round 2 (RI+~R2)		1.00	1.00	1.00	1.00	1.00	1.50	1.00	1.00	1.00	1.00	1.00	n/r	1.00	1.00	1.00	1.00				<b>Bold signifies "n/r" in one of the two rounds.</b>
* n/r = no response																					



Appendix 11.4 Comparison of Negative "Sentiments" Data from Round 1 and Round 2 APHRODITE																						
	% Negative "Sentiments" in Round 1 (S+~R1)	Knowledge of Business	Support for Marketing	Customer Service	Complaint Handling	Strategic Allignment	System Profitability	Quality of Tech. Serv.	Operational Efficiency	Rate of Innovation	Breadth of Product Range	Product Quality	Eff. Of Order Processing	Lead Times	Order Accuracy	Invoicing Accuracy	Value for Money Services	Efficient Order Handling	Response Intensity of Negative "Sentiments" in Round 1 (RI+~R1)	Change in % of Negative "Sentiments" between Round 1 and Round 2 {S+~R2 minus S+~R1}	Change in Intensity of Negative "Sentiments" between Round 1 and Round 2 {RI+~R2 minus RI+~R1}	
% Negative "Sentiments" in Round 2 (S+~R2)		0%	0%	0%	0%	33%	67%	0%	0%	0%	0%	0%	n/r	0%	0%	0%	0%	25%				
Knowledge of Business	0%																		n/a	0%	**	
Support for Marketing	50%																		1.50	-50%	**	
Customer Service	25%																		1.00	-25%	**	
Complaint Handling	33%																		1.00	-33%	**	
Strategic Allignment	33%																		1.00	0%	0.00	
System Profitability	0%																		n/a	20%	**	
Quality of Technical Service	0%																		n/a	0%	**	
Operational Efficiency	0%																		n/a	0%	**	
Rate of Innovation	0%																		n/a	0%	**	
Breadth of Product Range	100%																		1.00	-100%	**	
Product Quality	50%																		1.00	-50%	0.00	
Eff. Of Order Processing	0%																		n/a	**	**	
Lead Times	67%																		1.00	-67%	**	
Order Accuracy	unranked																		n/r	**	**	
Invoicing Accuracy	unranked																		n/r	**	**	
Value for Money Services	50%																		1.00	-50%	**	
Efficient Order Handling	unranked																		n/r	-100%	-1.00	
Response Intensity of Negative "Sentiments" in Round 2 (RI+~R2)												1.00	0	0	0	0	0	0			** signifies "n/a" in one of the two rounds.	
* n/r = no response																						
* n/a = not available																						



## **Athena**

The Appendices 11.5 to 11.8 present second round interview data relating to Athena in the same format as that presented in the discussion data from Aphrodite.

The most significant change in the ranking and number of 'sentiments' expressed by Athena's managers would seem to be the transfer of the weight of comments away from the Rate of Innovation construct, and the closely related Breadth of Product Range, to the Customer Service construct. This latter construct attracted a total of 12 'sentiments' in the second round interviews, of which only 25% were positive, compared to 9 in the benchmarking round, of which 33% were positive. As a consequence the construct moved to first place in the simple ranking.

There are several other constructs that also attracted less than 50% positive 'sentiments' in the second round interviews, notably Efficiency of Order Processing (43%), Rate of Innovation (33%), Lead Times (20%), all of which nevertheless increased the number of positive 'sentiments' between the two rounds. However, the Operational Efficiency and Invoicing Accuracy constructs both attracted no positive responses in the second round interviews – a worse outcome on both these constructs than in the benchmarking round.

In the benchmarking round of interviews the Rate of Innovation construct had taken first place on a simple ranking by total number of 'sentiments' expressed. It had attracted a total of fifteen 'sentiments', but in the second round interviews the construct attracted only six 'sentiments', only two of which were positive, and fell to seventh place in the simple ranking. However, since the construct had attracted no positive 'sentiments' in the benchmarking interviews, and its fall in the ranking seems to suggest a lower degree of concern about the issue by the managers of Athena, I am encouraged by this outcome.

Appendix 11.7 compares the proportion of positive 'sentiments' attributed to each of the seventeen constructs in each of the two rounds of interviews and also shows the simple change therein. The table also includes of Response Intensity values for all constructs in both rounds of interviews and the calculation of the simple difference between the values for each construct over the two rounds. There is little doubt that the proportion of positive 'sentiments' expressed by Athena's managers has increased between the two rounds but that the range and variability between the seventeen constructs is quite high. For example, in the benchmarking round of interviews 100% of 'sentiments' expressed about the Invoicing Accuracy construct were positive whilst in the second round 100% of 'sentiments' were negative. Further, the table below illustrates the high degree of variability between the two rounds of interviews.



PERCENTAGE OF POSITIVE 'SENTIMENTS' EXPRESSED	NUMBER OF CONSTRUCTS WITH POSITIVE 'SENTIMENTS' ATTRIBUTED	NUMBER OF CONSTRUCTS WITH POSITIVE 'SENTIMENTS' ATTRIBUTED
	BENCHMARKING ROUND	SECOND ROUND
0%	6	3
<10%	0	0
<20%	3	1
<30%	0	1
<40%	4	1
<50%	0	1
<60%	2	0
<70%	1	2
<80%	0	3
<90%	0	0
<100%	0	0
100%	1	5

Whilst I may be pleased that the number of constructs with 100% positive 'sentiments' has risen to five in the second round, from one in the benchmarking interviews, I should not lose sight of the fact that three constructs elicit no positive 'sentiments', seven constructs still elicit less than 50% positive 'sentiments' and nine constructs (more than half those examined) elicit less than 70% positive 'sentiments'. This would seem to suggest that the implementation of the action plans has been effective in some areas but that there still remain matters of serious concern for my company with this customer.

Such a cautious interpretation of the current position of my company with this customer is reinforced when reviewing the changes in negative 'Response Intensities' in Appendix 11.8. This reveals that when comparing the benchmarking and second round interviews, negative RI values increased on five constructs whilst they fell on seven constructs. At the same time the number of constructs with 'Response Intensities' of 2.00 or more remains at four in the second round, although they are different constructs than in the benchmarking round. The implication would seem to be that having resolved some of the issues that arose with the customer in the benchmarking round, others have risen in importance and are new causes for concern.

Overall I see this as a mixed bag of results which instinctively are better than the benchmarking round, but clearly the action plans have not had as far-reaching an effect



as I might have wished for. The implications of this conclusion have been taken up in the revised action plans and are the subject of discussion with the key account manager.



<div>Appendix 11.5</div> <div>Analysis of Sentiments Expressed in Round 2</div> <div>ATHENA</div>									
	Total No. of Sentiments"	No. of Positive Sentiments"	% Positive from Total S	From No. of Respondents	Response Intensity	No. of Negative Sentiments"	% Negative from Total S	From No. of Respondents	Response Intensity
	S	S+		N+	S+ / N+	S -		N -	S - / N -
				(max = 16)				(max = 16)	
Customer Service	12	3	25%	2	1.50	9	75%	4	2.25
Support for Marketing	8	5	63%	3	1.67	3	38%	1	3.00
Knowledge of Business	8	6	75%	4	1.50	2	25%	1	2.00
Eff. Of Order Processing	7	3	43%	2	1.50	4	57%	3	1.33
Strategic Alignment	7	5	71%	4	1.25	2	29%	2	1.00
Rate of Innovation	6	2	33%	2	1.00	4	67%	4	1.00
Lead Times	5	1	20%	1	1.00	4	80%	3	1.33
System Profitability	5	4	80%	4	1.00	1	20%	1	1.00
Operational Efficiency	4	0	0%	0	n/a	4	100%	2	2.00
Product Quality	3	2	67%	2	1.00	1	33%	1	1.00
Value for Money Services	3	3	100%	3	1.00	0	0%	0	n/a
Complaint Handling	3	3	100%	3	1.00	0	0%	0	n/a
Invoicing Accuracy	2	0	0%	0	n/a	2	100%	2	1.00
Quality of Technical Service	2	2	100%	1	2.00	0	0%	0	n/a
Breadth of Product Range	1	1	100%	1	1.00	0	0%	0	n/a
Order Accuracy	1	1	100%	1	1.00	0	0%	0	n/a
Efficient Order Handling	0								
Table	77								



**Appendix 11.6**  
**Comparison of Ranking of Constructs by Total Number of "Sentiments"**  
**expressed for each in Round 1 and Round 2**

**ATHENA**

[illegible]



**Appendix 11.7**  
**Comparison of Positive "Sentiments" Data from Round 1 and Round 2**  
**ATHENA**

	% Positive "Sentiments" in Round 1 (S+~R1)	Knowledge of Business	Support for Marketing	Customer Service	Complaint Handling	Strategic Allignment	System Profitability	Quality of Technical Service	Operational Efficiency	Rate of Innovation	Breadth of Product Range	Product Quality	Eff. Of Order Processing	Lead Times	Order Accuracy	Invoicing Accuracy	Value for Money Services	Efficient Order Handling	Response Intensity of Positive "Sentiments" in Round 1 (R1+~R1)	Change in % of Positive "Sentiments" between Round 1 and Round 2 {S+~R2 minus S+~R1}	Change in Intensity of Positive "Sentiments" between Round 1 and Round 2 {R1+~R2 minus R1+~R1}
% Positive "Sentiments" in Round 2 (S+~R2)		75%	63%	25%	100%	71%	80%	100%	0%	33%	100%	67%	43%	20%	100%	0%	100%	unranked			
Knowledge of Business	57%																		1.33	18%	0.17
Support for Marketing	33%																		1.00	30%	0.67
Customer Service	33%																		1.00	-8%	0.50
Complaint Handling	60%																		1.00	40%	0.00
Strategic Allignment	0%																		n/r	71%	1.25
System Profitability	unranked																		n/r	#VALUE!	1.00
Quality of Technical Service	67%																		1.00	33%	1.00
Operational Efficiency	33%																		1.00	-33%	-1.00
Rate of Innovation	0%																		n/r	33%	1.00
Breadth of Product Range	0%																		n/r	100%	1.00
Product Quality	14%																		1.00	53%	0.00
Eff. Of Order Processing	14%																		1.00	29%	0.50
Lead Times	0%																		n/r	20%	1.00
Order Accuracy	33%																		1.00	67%	0.00
Invoicing Accuracy	100%																		1.00	-100%	-1.00
Value for Money Services	14%																		1.00	86%	0.00
Efficient Order Handling	0%																		n/r	#VALUE!	n/r
Response Intensity of Positive "Sentiments" in Round 2 (R1+~R2)																					<b>Bold signifies "n/r" in one of the two rounds.</b>
* n/r = no response		1.50	1.67	1.50	1.00	1.25	1.00	2.00	n/r	1.00	1.00	1.00	1.50	1.00	1.00	n/r	1.00	n/r			



Appendix 11.8 Comparison of Negative "Sentiments" Data from Round 1 and Round 2 <u>ATHENA</u>																					
	% Negative "Sentiments" in Round 1 (S+~R1)	Knowledge of Business	Support for Marketing	Customer Service	Complaint Handling	Strategic Allignment	System Profitability	Quality of Technical Service	Operational Efficiency	Rate of Innovation	Breadth of Product Range	Product Quality	Eff. Of Order Processing	Lead Times	Order Accuracy	Invoicing Accuracy	Val. for Mon Serv.	Eff. Order Handling	Response Intensity of Negative "Sentiments" in Round 1 (RI+~R1)	Change in % of Negative "Sentiments" between Round 1 and Round 2 {S+~R2 minus S+~R1}	Change in Intensity of Negative "Sentiments" between Round 1 and Round 2 {RI+~R2 minus RI+~R1}
% Negative "Sentiments" in Round 2 (S+~R2)		25%	38%	75%	0%	29%	20%	0%	100%	67%	0%	33%	57%	80%	0%	100%	0%	n/r			
Knowledge of Business	43%																		1.00	-18%	1.00
Support for Marketing	67%																		1.33	-29%	1.67
Customer Service	67%																		1.50	8%	0.75
Complaint Handling	40%																		1.00	-40%	**
Strategic Allignment	100%																		1.40	-71%	-0.40
System Profitability	n/r																		n/r	20%	1.00
Quality of Technical Service	33%																		1.00	-33%	**
Operational Efficiency	67%																		2.00	33%	0.00
Rate of Innovation	100%																		3.75	-33%	-2.75
Breadth of Product Range	100%																		2.00	-100%	**
Product Quality	86%																		1.50	-53%	-0.50
Eff. Of Order Processing	86%																		1.50	-29%	-0.17
Lead Times	100%																		1.20	-20%	0.13
Order Accuracy	67%																		1.00	-67%	**
Invoicing Accuracy	0%																		n/a	100%	**
Value for Money Services	86%																		2.00	-86%	**
Efficient Order Handling	100%																		1.00	-100%	-1.00
Response Intensity of Negative "Sentiments" in Round 2 (RI+~R2)		2.00	3.00	2.25	n/a	1.00	1.00	n/a	2.00	1.00	n/a	1.00	1.33	1.33	n/a	1.00	n/a	n/r			<b>Bold signifies "n/r" in one of the two rounds.</b>
																					<b>** signifies "n/a" in one of the two rounds.</b>
* n/r = no response																					
* n/a = not available																					



## **Demeter**

As in the earlier discussion, Appendix 11.9 shows the number of positive and negative 'sentiments' expressed by Demeter's managers in the second round interviews together with the simple proportion of each as part of the total number of 'sentiments' expressed. The appendix also contains the Response Intensity calculation for both positive and negative responses.

The information in the table with the most encouraging impact would seem to be the fact that twelve out of seventeen constructs attracted only positive 'sentiments' whilst a further three 'sentiments' attracted 80% or better positive comments in the second round of interviews. The bad news is that the two remaining constructs are Rate of Innovation, attracted 67% positive 'sentiments', and the closely related Breadth of Product Range Construct, attracted only negative 'sentiments'. However, Appendix 11.12 illustrates that the negative Response Intensity has in fact decreased between the two rounds of interviews on all constructs where calculable data exists, suggesting that whilst the respondents are still unhappy with my company's performance on innovation, their concerns in this area, as with all others, are expressed with less ferocity than in the benchmarking round.

Clearly I should be concerned that the two constructs that define the concept of innovation, and on which Demeter's managers had given such critical feed back in the benchmarking rounds, are the constructs on which the respondents still have the lowest opinion of my company and will need to bear this in mind as the routine of reviewing and refreshing the action plans is undertaken for this customer.

The consequence of the large number of constructs attracting only positive responses is that the negative 'Response Intensities' were generally lower in the second round than in the benchmarking interviews, which I of course consider to be a helpful outcome. This encouraging impression is further supported not only by the large number constructs attracting only positive sentiments but also by the size of the increase in the number of positive 'sentiments' that occurred between the two rounds of interviews. Appendix 11.11 shows the size of the change by construct.

In conclusion, I am of the view that the perception of my company among respondents from this customer has improved significantly but that we continue to have a problem in the area of innovation, which must be addressed in the future.



<p style="text-align: center;"><b>Appendix 11.9</b>  <b>Analysis of Sentiments Expressed in Round 2</b>  <b>DEMETER</b></p>									
	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity
	S	S+		N+	S+ / N+	S -		N -	S - / N -
				(max = 16)				(max = 16)	
Operational Efficiency	6	5	83%	4	1.25	1	17%	1	1.00
Rate of Innovation	6	4	67%	4	1.00	2	33%	2	1.00
Lead Times	5	4	80%	3	1.33	1	20%	1	1.00
Quality of Technical Service	5	4	80%	4	1.00	1	20%	1	1.00
Strategic Alignment	5	5	100%	4	1.25	0	0%	0	n/a
Complaint Handling	4	4	100%	4	1.00	0	0%	0	n/a
Eff. Of Order Processing	4	4	100%	2	2.00	0	0%	0	n/a
Product Quality	4	4	100%	4	1.00	0	0%	0	n/a
Customer Service	4	4	100%	4	1.00	0	0%	0	n/a
Support for Marketing	4	4	100%	4	1.00	0	0%	0	n/a
Knowledge of Business	4	4	100%	4	1.00	0	0%	0	n/a
System Profitability	4	4	100%	4	1.00	0	0%	0	n/a
Breadth of Product Range	3	0	0%	0	n/a	3	100%	3	1.00
Value for Money Services	3	3	100%	3	1.00	0	0%	0	n/a
Invoicing Accuracy	2	2	100%	2	1.00	0	0%	0	n/a
Order Accuracy	2	2	100%	2	1.00	0	0%	0	n/a
Efficient Order Handling	1	1	100%	1	1.00	0	0%	0	n/a
Total	66								



**Appendix 11.10**  
**Comparison of Ranking of Constructs by Total Number of "Sentiments"**  
**expressed for each in Round 1 and Round 2**  
**DEMETER**

(Rank~R1 minus Rank~R2)>>>>>>>>	Ranking of Construct in Round 1 by Total Number of "Sentiments" expressed about it (Rank~R1)	Knowledge of Business	Support for Marketing	Customer Service	Complaint Handling	Strategic Alignment	System Profitability	Quality of Technical Service	Operational Efficiency	Rate of Innovation	Breadth of Product Range	Product Quality	Eff. Of Order Processing	Lead Times	Order Accuracy	Invoicing Accuracy	Value for Money Services	Efficient Order Handling
Ranking of Construct in Round 2 by Total Number of "Sentiments" expressed about it (Rank~R2)		6	6	6	6	3	6	3	1	1	13	6	6	3	15	15	13	17
Knowledge of Business	5	-1																
Support for Marketing	5	-1	-1															
Customer Service	5			-1														
Complaint Handling	2				-4													
Strategic Alignment	14					11												
System Profitability	unranked						**											
Quality of Technical Service	11							8										
Operational Efficiency	2								1									
Rate of Innovation	1									0								
Breadth of Product Range	5										-8							
Product Quality	5											-1						
Eff. Of Order Processing	2												-4					
Lead Times	11													8				
Order Accuracy	14																	
Invoicing Accuracy	11														-1			
Value for Money Services	5															-4		
Efficient Order Handling	16																-8	-1



Appendix 11.11  
Comparison of Positive "Sentiments" Data from Round 1 and Round 2  
**DEMETER**

	% Positive "Sentiments" in Round 1 (S+~R1)	Knowledge of Business	Support for Marketing	Customer Service	Complaint Handling	Strategic Alignment	System Profitability	Quality of Technical Service	Operational Efficiency	Rate of Innovation	Breadth of Product Range	Product Quality	Eff. Of Order Processing	Lead Times	Order Accuracy	Invoicing Accuracy	Value for Money Services	Efficient Order Handling	Change in % of Positive "Sentiments" between Round 1 and Round 2 {S+~R2 minus S+~R1}	Response Intensity of Positive "Sentiments" in Round 1 (RI+~R1)	Change in Intensity of Positive "Sentiments" between Round 1 and Round 2 {RI+~R2 minus RI+~R1}
% Positive "Sentiments" in Round 2 (S+~R2)		100%	100%	100%	100%	100%	100%	80%	83%	67%	0%	100%	100%	80%	100%	100%	100%	100%			
Knowledge of Business	75%																		25%	1.00	0.00
Support for Marketing	75%																		25%	1.00	0.00
Customer Service	75%																		25%	1.00	0.00
Complaint Handling	60%																		40%	1.00	0.00
Strategic Alignment	50%																		50%	1.00	0.25
System Profitability	n/r																		n/r	n/r	1.00
Quality of Technical Service	100%																		-20%	1.00	0.00
Operational Efficiency	40%																		43%	1.00	0.25
Rate of Innovation	25%																		42%	1.00	0.00
Breadth of Product Range	25%																		-25%	1.00	-1.00
Product Quality	25%																		75%	1.00	0.00
Eff. Of Order Processing	60%																		40%	1.00	1.00
Lead Times	33%																		47%	1.00	0.00
Order Accuracy	100%																		0%	1.00	-1.00
Invoicing Accuracy	100%																		0%	1.00	0.00
Value for Money Services	25%																		75%	1.00	0.00
Efficient Order Handling	0%																		100%	n/r	1.00
Response Intensity of Positive "Sentiments" in Round 2 (RI+~R2)		1.00	1.00	1.00	1.00	1.25	1.00	1.00	1.25	1.00	n/r	1.00	2.00	1.33	1.00	1.00	1.00	1.00			<b>Bold signifies "n/r" in one of the two rounds.</b>
* n/r = no response																					



Appendix 11.12  
Comparison of Negative "Sentiments" Data from Round 1 and Round 2  
**DEMETER**

	% Negative "Sentiments" in Round 1 (S+~R1)	Knowledge of Business	Support for Marketing	Customer Service	Complaint Handling	Strategic Alignment	System Profitability	Quality of Technical Service	Operational Efficiency	Rate of Innovation	Breadth of Product Range	Product Quality	Eff. Of Order Processing	Lead Times	Order Accuracy	Invoicing Accuracy	Value for Money Services	Efficient Order Handling	Response Intensity of Negative "Sentiments" in Round 2 (RI+~R2)	Change in % Negative "Sentiments" between Round 1 and Round 2 {S+~R2 minus S+~R1}	Response Intensity of Negative "Sentiments" in Round 1 (RI+~R1)	Change in Intensity of Negative "Sentiments" between Round 1 and Round 2 {RI+~R2 minus RI+~R1}
% Negative "Sentiments" in Round 2 (S+~R2)		0%	0%	0%	0%	0%	0%	20%	17%	33%	100%	0%	0%	20%	0%	0%	0%	0%				
Knowledge of Business	25%																			-25%	1.00	**
Support for Marketing	25%																			-25%	1.00	**
Customer Service	25%																			-25%	1.00	**
Complaint Handling	40%																			-40%	2.00	**
Strategic Alignment	50%																			-50%	1.00	**
System Profitability	unranked																			20%	n/r	**
Quality of Technical Service	0%																			20%	n/a	**
Operational Efficiency	60%																			-43%	1.00	0.00
Rate of Innovation	75%																			-42%	2.00	-1.00
Breadth of Product Range	75%																			25%	3.00	-2.00
Product Quality	75%																			-75%	1.50	**
Eff. Of Order Processing	40%																			-40%	1.00	**
Lead Times	67%																			-47%	1.00	0.00
Order Accuracy	0%																			0%	1.00	**
Invoicing Accuracy	0%																			0%	n/a	**
Value for Money Services	75%																			-75%	1.50	**
Efficient Order Handling	100%																			-100%	n/a	**
Response Intensity of Negative "Sentiments" in Round 2 (RI+~R2)		n/a	n/a	n/a	n/a	n/a	n/a	1.00	1.00	1.00	1.00	n/a	n/a	1.00	n/a	n/a	n/a	n/a				<b>Bold signifies "n/r" in one of the two rounds.</b>
* n/r = no response																						<b>** signifies "n/a" in one of the two rounds.</b>



## Hera

The Appendix 11.13 shows a greater variability between the number of positive and negative 'sentiments' expressed by Hera's managers in the second round interviews than observed in the case of Demeter for example. Nevertheless, four constructs attracted 100% of the positive sentiments expressed about them by Hera's managers and only four constructs attracted less than 50% of all positive sentiments expressed. The Response Intensity calculation for both positive and negative responses may be compared between the two rounds of interviews by reference to Appendices 11.15 and 11.16.

As a result of the large number of constructs that had no positive 'sentiments' expressed about them in the benchmarking round of interviews the comparison of positive Response Intensities (see Appendix 11.15) between the two rounds does not provide much useful information. Such a problem does not exist with the negative 'sentiments' where some reduction in the number of disapproving 'sentiments' may be detected (see Appendix 11.16).

Reductions in negative Response Intensity occur between the two rounds on three constructs whilst no change is noted on four constructs. Only on two constructs, Value for Money Services and Strategic Alignment, is an increase in negative Response Intensity noted between the two rounds - a disappointing outcome which is reinforced by reference to Appendix 11.13 which shows Value for Money Services to be an important construct since it ranks third in the second round interviews in terms of the total number of 'sentiments' expressed.

My overall assessment of the comments received from managers of Hera is that the outcome is pleasing. I come to this view primarily because of the large number of constructs, as many as twelve, that did not elicit any positive 'sentiments' in the benchmarking interviews compared to the situation in the second round where all constructs had something good said about them.

Whilst much can still be done with this customer to still improve their perception of my company, I feel that the fact that more managers (five compared to two) took part in the second round interviews indicates a greater willingness on the part of this customer to work with my company. Indeed, I would take the view that although the outcome of the interviews with this customer gives the impression of only being 'average', in fact the distance traveled has been much greater than with any other group of participating managers.



<div>Appendix 11.13</div> <div>Analysis of Sentiments Expressed in Round 2</div> <div>HERA</div>										
	Total No. of "Sentiments"	No. of Positive "Sentiments"	% Positive "Sentiments" from Total S	From No. of Respondents	Response Intensity	No. of Negative "Sentiments"	% Negative "Sentiments" from Total S	From No. of Respondents	Response Intensity	Response
	S	S+		N+	S+ / N+	S -		N -	S - / N -	
				(max = 16)				(max = 16)		
Eff. Of Order Processing	6	2	33%	1	2.00	4	67%	2	2.00	2.00
Complaint Handling	6	2	33%	2	1.00	4	67%	4	1.00	1.00
Value for Money Services	5	1	20%	1	1.00	4	80%	3	1.33	1.33
Customer Service	5	4	80%	4	1.00	1	20%	1	1.00	1.00
Quality of Technical Service	5	3	60%	3	1.00	2	40%	2	1.00	1.00
Knowledge of Business	5	5	100%	5	1.00	0	0%	0	n/a	n/a
Strategic Allignment	4	2	50%	2	1.00	2	50%	1	2.00	2.00
Rate of Innovation	4	3	75%	3	1.00	1	25%	1	1.00	1.00
Product Quality	4	3	75%	3	1.00	1	25%	1	1.00	1.00
Operational Efficiency	4	2	50%	2	1.00	2	50%	2	1.00	1.00
Lead Times	4	2	50%	2	1.00	2	50%	2	1.00	1.00
Order Accuracy	4	1	25%	1	1.00	3	75%	3	1.00	1.00
Breadth of Product Range	4	4	100%	4	1.00	0	0%	0	n/a	n/a
System Profitability	4	4	100%	4	1.00	0	0%	0	n/a	n/a
Invoicing Accuracy	4	2	50%	2	1.00	2	50%	2	1.00	1.00
Support for Marketing	2	2	100%	2	1.00	0	0%	0	n/a	n/a
Efficient Order Handling	2	1	50%	1	1.00	1	50%	1	1.00	1.00
Total	72									



**HERA**

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Appendix 11.15 Comparison of Positive "Sentiments" Data from Round 1 and Round 2																					
HERA																					
	% Positive "Sentiments" in Round 1 (S+~R1)	Knowledge of Business	Support for Marketing	Customer Service	Complaint Handling	Strategic Allignment	System Profitability	Quality of Technical Service	Operational Efficiency	Rate of Innovation	Breadth of Product Range	Product Quality	Eff. Of Order Processing	Lead Times	Order Accuracy	Invoicing Accuracy	Value for Money Services	Efficient Order Handling	Response Intensity of Positive "Sentiments" in Round 1 (RI+~R1)	Change in % of Positive "Sentiments" between Round 1 and Round 2 {S+~R2 minus S+~R1}	Change in Intensity of Positive "Sentiments" between Round 1 and Round 2 {RI+~R2 minus RI+~R1}
% Positive "Sentiments" in Round 2 (S+~R2)		100%	100%	80%	33%	50%	100%	60%	50%	75%	100%	75%	33%	50%	25%	50%	20%	50%			
Knowledge of Business	50%																		1.00	50%	0.00
Support for Marketing	50%																		1.00	50%	0.00
Customer Service	33%																		1.00	47%	0.00
Complaint Handling	0%																		n/r	33%	1.00
Strategic Allignment	0%																		n/r	50%	1.00
System Profitability	100%																		1.00	0%	0.00
Quality of Technical Service	0%																		n/r	60%	1.00
Operational Efficiency	0%																		n/r	50%	1.00
Rate of Innovation	0%																		n/r	75%	1.00
Breadth of Product Range	0%																		n/r	100%	1.00
Product Quality	0%																		n/r	75%	1.00
Eff. Of Order Processing	50%																		1.00	-17%	1.00
Lead Times	0%																		n/r	50%	1.00
Order Accuracy	n/r																		n/r	25%	1.00
Invoicing Accuracy	n/r																		n/r	50%	1.00
Value for Money Services	0%																		n/r	20%	1.00
Efficient Order Handling	n/r																		n/r	50%	1.00
Response Intensity of Positive "Sentiments" in Round 2 (RI+~R2)		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	1.00	1.00	1.00	1.00	1.00			<b>Bold signifies "n/r" in one of the two rounds.</b>
* n/r = no response																					



HERA

\* n/a = not applicable



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